

CADILLAC AREA PUBLIC SCHOOLS

CADILLAC, MICHIGAN

JUNE 30, 2006

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Cadillac Area Public Schools
Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Cadillac Area Public Schools, Cadillac, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cadillac Area Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, the governmental activities, each major fund, and the aggregate remaining fund information of Cadillac Area Public Schools, Cadillac, Michigan, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2006, on our consideration of Cadillac Area Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through ix and 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cadillac Area Public Schools, Cadillac, Michigan basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

Cadillac Area Public Schools, a K-12 school district located in Wexford, Osceola and Lake Counties, Michigan has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management’s Discussion and Analysis, a requirement of GASB 34, is intended to be the Cadillac Area Public Schools administration’s discussion and analysis of the financial results for the fiscal year ended June 30, 2006, along with specific comparative information as required.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education’s “Accounting Manual.” In the State of Michigan, school districts’ major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds which include Special Revenue Funds, Capital Projects and Debt Service Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year’s payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years’ debt service are not recorded in the fund financial statements.

B. Government-wide Financial Statements

The government-wide financial statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire District’s assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal year ended June 30:

	<u>2006</u>	<u>2005</u>
Assets		
Current Assets	\$ 7,618,108	\$ 7,768,777
Non Current Assets		
Capital Assets	\$ 44,199,312	\$ 44,008,117
Less Accumulated Depreciation	<u>(18,506,396)</u>	<u>(17,670,602)</u>
Total Non Current Assets	<u>\$ 25,692,916</u>	<u>\$ 26,337,515</u>
Total Assets	<u><u>\$ 33,311,024</u></u>	<u><u>\$ 34,106,292</u></u>
Liabilities		
Current Liabilities	\$ 3,149,730	\$ 3,636,857
Non Current Liabilities	<u>22,407,508</u>	<u>23,457,869</u>
Total Liabilities	<u>\$ 25,557,238</u>	<u>\$ 27,094,726</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 2,784,389	\$ 2,480,321
Restricted for Debt Service	601,777	119,543
Unrestricted	<u>4,367,620</u>	<u>4,411,702</u>
Total Net Assets	<u>\$ 7,753,786</u>	<u>\$ 7,011,566</u>
Total Liabilities and Net Assets	<u><u>\$ 33,311,024</u></u>	<u><u>\$ 34,106,292</u></u>

D. Analysis of Financial Position

During the fiscal year ended June 30, 2006, the District's net assets increased by \$742,220. A few of the more significant factors affecting net assets during the year are discussed below:

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2006, \$1,150,621 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2006, \$549,238 of expenditures for buses, equipment, textbooks and building improvements were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$644,599 for the fiscal year ended June 30, 2006.

E. Results of Operations

For the fiscal year ended June 30, the results of operations, on a District-wide basis, were:

	2006		2005	
	Amount	% of Total	Amount	% of Total
General Revenues				
Property Taxes	\$ 7,694,243	25.31%	\$ 6,965,642	23.54%
Investment Earnings	134,708	0.44%	72,512	0.25%
State Sources	16,874,793	55.49%	17,304,758	58.48%
Other	468,247	1.54%	316,239	1.07%
Total General Revenues	\$ 25,171,991	82.78%	\$ 24,659,151	83.34%
Program Revenues				
Charges for Services	\$ 1,034,133	3.40%	\$ 1,006,620	3.40%
Operating Grants	4,119,988	13.55%	3,883,457	13.12%
Capital Grants	82,778	0.27%	41,413	0.14%
Total Program Revenues	\$ 5,236,899	17.22%	\$ 4,931,490	16.66%
Total Revenues	\$ 30,408,890	100.00%	\$ 29,590,641	100.00%

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

	2006		2005	
	Amount	% of Total	Amount	% of Total
Expenses				
Instruction	\$15,892,101	53.57%	\$15,310,249	52.24%
Supporting Services	9,453,902	31.87%	9,272,217	31.64%
Food Service Activities	1,124,684	3.79%	1,118,314	3.82%
Athletic Activities	539,411	1.82%	502,128	1.71%
Community Services	462,258	1.56%	426,143	1.45%
Interest on Long-Term Debt	1,027,474	3.46%	1,400,246	4.78%
Other Transactions	16,211	0.05%	138,858	0.47%
Unallocated Depreciation	1,150,621	3.88%	1,137,951	3.89%
Total Expenses	\$29,666,662	100.00%	\$29,306,106	100.00%
Change in Net Assets	\$ 742,228		\$ 284,535	

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenses are discussed in the segments below:

1. Property Taxes

The District levies 18.00 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2005-2006 fiscal year, the District levied \$5,270,524 in non-homestead property taxes. This represented an increase of 12% from the prior year. The amount of unpaid property taxes at June 30, 2006, was \$323,926.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-Homestead Tax Levy
2005-2006	5,270,523
2004-2005	4,685,895
2003-2004	4,391,490
2002-2003	4,124,994
2001-2002	3,857,546

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2005-2006 fiscal year, the District received \$6,875 per student FTE.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five fiscal years:

<u>Fiscal Year</u>	<u>Blended Student FTE</u>
2005-2006	3,304
2004-2005	3,357
2003-2004	3,385
2002-2003	3,495
2001-2002	3,558

4. Operating Grants

The District funds a significant portion of its operations with categorical grant sources. For the fiscal year ended June 30, 2006, federal, state, and other grants of this type accounted for \$4,119,988.

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2005-2006 fiscal year, the District amended the general fund budget in June 2006. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>	<u>\$25,633,587</u>	<u>\$26,076,935</u>	<u>\$26,160,511</u>
<u>EXPENDITURES</u>			
Instruction	\$15,868,094	\$15,955,889	\$16,005,014
Supporting Services	9,286,916	9,759,692	9,739,064
Community Services	57,898	73,927	72,079
Capital Outlay	319,232	0	0
Transfers and Other Transactions	539,000	426,000	385,805
Total Expenditures	<u>\$26,071,140</u>	<u>\$26,215,508</u>	<u>\$26,201,962</u>

The change from the Total Revenue Original Budget to Final Budget was an increase of \$443,348.

The change in the Total Expenditures Original Budget to Final Budget was an increase of \$144,368.

H. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2006, the District has \$44,199,312 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of \$191,195 over the prior fiscal year. Depreciation expense for the year amounted to \$1,150,621 bringing the accumulated depreciation to \$18,506,396 as of June 30, 2006.

2. Long-Term Debt

At June 30, 2006, the District had \$22,454,633 in bonded debt outstanding. This represents a reduction of \$920,000 from the amount outstanding at the close of the prior fiscal year.

I. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- With the current economic condition in the country, and especially in the State of Michigan, uncertainty surrounds the level at which districts will be funded for the student foundation allowance for the 2006-2007 and 2007-2008 fiscal years. This will pose a challenge to the District to maintain structural balance while continuing with its educational programming.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

- As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly for health insurance and state retirement.

J. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, please contact Cadillac Area Public Schools, 421 S. Mitchell Street, Cadillac, Michigan 49601.

CADILLAC AREA PUBLIC SCHOOLS

CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2006

ASSETS

CURRENT ASSETS

Cash	\$ 3,621,974
Taxes Receivable	122,947
Accounts Receivable	101,648
Due from Other Governments	3,249,375
Interest Receivable	2,819
Prepaid Expense	117,376
Inventory	82,487
Investments	319,482
Total Current Assets	<u>\$ 7,618,108</u>

NON CURRENT ASSETS

Capital Assets	\$ 44,199,312
Less Accumulated Depreciation	(18,506,396)
Total Non Current Assets	<u>\$ 25,692,916</u>
TOTAL ASSETS	<u><u>\$ 33,311,024</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 151,874
Accrued Expenses	535,515
Accrued Interest Payable	187,902
Salaries Payable	1,212,805
Deferred Revenue	1,000
Current Portion of Non Current Liabilities	1,060,634
Total Current Liabilities	<u>\$ 3,149,730</u>

NON CURRENT LIABILITIES

Bonds Payable (Net of Unamortized Bond Premium)	\$ 22,908,527
Special Assessments	7,488
Compensated Absences	552,127
Less Current Portion of Non Current Liabilities	(1,060,634)
Total Non Current Liabilities	<u>\$ 22,407,508</u>
Total Liabilities	<u>\$ 25,557,238</u>

NET ASSETS

Invested in Capital Assets Net of Related Debt	\$ 2,784,389
Restricted for Debt Service	601,777
Unrestricted	4,367,620
Total Net Assets	<u>\$ 7,753,786</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 33,311,024</u></u>

The notes to the financial statements are an integral part of this statement.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

					GOVERNMENTAL ACTIVITIES
					NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			
		CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL GRANTS	
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction					
Basic Programs	\$12,438,743	\$ 69,125	\$ 1,117,638	\$ 82,770	\$ (11,169,210)
Added Needs	2,510,820	0	2,175,626	0	(335,194)
Adult/Continuing Education	942,538	0	29,724	0	(912,814)
Supporting Services					
Pupil	1,392,400	0	159,511	0	(1,232,889)
Instructional Staff	818,448	0	0	0	(818,448)
General Administration	424,775	0	0	0	(424,775)
School Administration	1,710,445	0	0	0	(1,710,445)
Business	533,077	0	0	0	(533,077)
Operation and Maintenance of Plant	3,284,216	0	0	0	(3,284,216)
Pupil Transportation Services	1,290,460	0	0	0	(1,290,460)
Information Services	81	0	0	0	(81)
Food Service Activities	1,124,684	544,965	612,088	0	32,369
Athletic Activities	539,411	146,955	0	0	(392,456)
Community Services	462,258	273,088	25,401	0	(163,769)
Interest on Long Term Debt	1,027,474	0	0	0	(1,027,474)
Other Transactions	16,211	0	0	0	(16,211)
Unallocated Depreciation	1,150,621	0	0	0	(1,150,621)
Total Governmental Activities	<u>\$29,666,662</u>	<u>\$ 1,034,133</u>	<u>\$ 4,119,988</u>	<u>\$ 82,770</u>	<u>\$ (24,429,771)</u>
<u>GENERAL REVENUES</u>					
Property Taxes -Levied for General Purposes					\$ 5,270,523
Property Taxes -Levied for Debt Service					2,423,720
Investment Earnings					134,708
State Sources					16,874,793
Other					468,247
Total General Revenues					<u>\$ 25,171,991</u>
Change in Net Assets					\$ 742,220
<u>NET ASSETS</u> - Beginning of Year					<u>7,011,566</u>
<u>NET ASSETS</u> - End of Year					\$ 7,753,786

The notes to the financial statements are an integral part of this statement.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2006

	GENERAL FUND	1996 DEBT RETIREMENT	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,108,027	\$ 530,392	\$ 983,555	\$ 3,621,974
Taxes Receivable	99,714	17,796	5,437	122,947
Accounts Receivable	35,713	0	65,935	101,648
Due from Other Governments	3,201,003	0	48,372	3,249,375
Due from Other Funds	49,903	0	533,770	583,673
Interest Receivable	925	1,263	631	2,819
Prepaid Expenditures	117,376	0	0	117,376
Inventory	56,483	0	26,004	82,487
Investments	319,482	0	0	319,482
TOTAL ASSETS	\$ 5,988,626	\$ 549,451	\$ 1,663,704	\$ 8,201,781
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 128,276	\$ 0	\$ 23,598	\$ 151,874
Accrued Expenses	531,428	0	4,087	535,515
Salaries Payable	1,208,939	0	3,866	1,212,805
Deferred Revenue	85,258	15,681	4,817	105,756
Due to Other Funds	0	533,770	49,903	583,673
Total Liabilities	\$ 1,953,901	\$ 549,451	\$ 86,271	\$ 2,589,623
<u>FUND BALANCE</u>				
Reserved for Inventory	\$ 56,483	\$ 0	\$ 26,004	\$ 82,487
Reserved for Prepaid Expenditures	117,376	0	0	117,376
Reserved for Debt Service	0	0	789,679	789,679
Unreserved, Designated for, Reported In				
General Fund	3,860,866	0	0	3,860,866
Special Revenue Funds	0	0	41,790	41,790
Unreserved, Undesignated, Reported In				
Special Revenue Funds	0	0	185,768	185,768
Capital Project Fund	0	0	534,192	534,192
Total Fund Balances	\$ 4,034,725	\$ 0	\$ 1,577,433	\$ 5,612,158
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,988,626	\$ 549,451	\$ 1,663,704	\$ 8,201,781

The notes to the financial statements are an integral part of this statement.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2006

Total Governmental Fund Balances		\$5,612,158
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
The cost of the capital assets is	\$44,199,312	
Accumulated depreciation is	<u>(18,506,396)</u>	25,692,916
Long term liabilities are not due and payable in the current period and are not reported the funds		
Bonds Payable		(22,454,633)
Special Assessment		(7,488)
Compensated Absences		(552,127)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(187,902)
Balance of taxes receivable at June 30, 2006, expected to be collected after September 1, 2006		104,756
The issuance of Long-Term Debt provides current financial resources to governmental while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		<u>(453,894)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$7,753,786</u></u>

The notes to the financial statements are an integral part of this statement.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2006

	GENERAL FUND	1996 DEBT RETIREMENT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 5,614,955	\$ 1,909,213	\$ 1,610,230	\$ 9,134,398
Intermediate Sources	0	0	66,867	66,867
State Sources	18,537,638	0	69,496	18,607,134
Federal Sources	1,029,665	0	565,393	1,595,058
Other Transactions	978,253	3,156	53,973	1,035,382
Total Revenues	\$ 26,160,511	\$ 1,912,369	\$ 2,365,959	\$ 30,438,839
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	\$ 12,555,423	\$ 0	\$ 0	\$ 12,555,423
Added Needs	2,508,869	0	0	2,508,869
Adult/Continuing Education	940,722	0	0	940,722
Supporting Services				
Pupil	1,399,639	0	0	1,399,639
Instructional Staff	931,225	0	0	931,225
General Administration	424,672	0	0	424,672
School Administration	1,714,034	0	0	1,714,034
Business	521,104	0	0	521,104
Operation and Maintenance of Plant	3,321,871	0	0	3,321,871
Pupil Transportation Services	1,426,438	0	0	1,426,438
Information Services	81	0	0	81
Community Services	72,079	0	390,179	462,258
Food Service Activities	0	0	1,121,810	1,121,810
Athletic Activities	0	0	539,411	539,411
Capital Outlay	0	0	91,670	91,670
Debt Service				
Principal	0	890,000	30,000	920,000
Interest	0	64,525	1,066,452	1,130,977
Other Transactions	6,805	6,822	2,584	16,211
Total Expenditures	\$ 25,822,962	\$ 961,347	\$ 3,242,106	\$ 30,026,415
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 337,549	\$ 951,022	\$ (876,147)	\$ 412,424
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 0	\$ 0	\$ 1,530,326	\$ 1,530,326
Transfers Out	(379,000)	(1,151,326)	0	(1,530,326)
Total Other Financing Sources (Uses)	\$ (379,000)	\$ (1,151,326)	\$ 1,530,326	\$ 0
Net Change in Fund Balance	\$ (41,451)	\$ (200,304)	\$ 654,179	\$ 412,424
<u>FUND BALANCE</u> - Beginning of Year	4,076,176	200,304	923,254	5,199,734
<u>FUND BALANCE</u> - End of Year	\$ 4,034,725	\$ 0	\$ 1,577,433	\$ 5,612,158

The notes to the financial statements are an integral part of this statement.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

Net change in Fund Balances Total Governmental Funds	\$ 412,424
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(1,150,621)
Capital Outlay	549,238

In the statement of activities, only the gain or loss on the sale of fixed assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balances by the cost of the capital assets sold net of accumulated depreciation.

	(43,216)
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Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	262,738
Accrued Interest Payable - End of Year	(187,902)

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered

Taxes Included in Deferred Revenue - Beginning of Year	(116,729)
Taxes Included in Deferred Revenue - End of Year	104,756

The issuance of Long-Term Debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

	950,472
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Employees Early Retirement and Accumulated Sick Pay are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accumulated Sick Pay - Beginning of Year	513,187
Accumulated Sick Pay - End of Year	<u>(552,127)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 742,220</u>
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The notes to the financial statements are an integral part of this statement.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2006

	<u>PRIVATE PURPOSE TRUST FUNDS</u>
<u>ADDITIONS</u>	
Donations	\$ 4,750
Earnings on Investments and Deposits	<u>9,476</u>
Total Additions	<u>\$ 14,226</u>
 <u>DEDUCTIONS</u>	
Scholarships Awarded	\$ 15,950
Miscellaneous	<u>2,020</u>
Total Deductions	<u>\$ 17,970</u>
 CHANGE IN NET ASSETS	 \$ (3,744)
 <u>NET ASSETS</u> - Beginning of Year	 <u>275,293</u>
 <u>NET ASSETS</u> - End of Year	 <u><u>\$ 271,549</u></u>

The notes to the financial statements are an integral part of this statement.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Cadillac Area Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

A. Reporting Entity

Cadillac Area Public Schools (the "District") is located in Wexford, Osceola, and Lake Counties with its administrative offices located in Cadillac, Michigan. The District is governed by the Cadillac Area Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District provides services to its 3,304 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Governmental Funds - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *1996 debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other Non-major Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes. The District accounts for its food service, athletic, community school recreation, and Camp Torenta activities in the special revenue funds.

The *1998, 2005 and Durant debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for the acquisition of fixed assets or construction of major capital projects.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *private purpose trust funds* are accounted for using the accrual method of accounting. Private purpose trust funds account for contributions earmarked for scholarships available to qualifying students of the District.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on pupil membership counts taken in February and September of 2005. For fiscal year ended June 30, 2006, the per pupil foundation allowance was \$6,875 for Cadillac Area Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The State revenue is recognized during the foundation period and is funded through payments from October 2005 to August 2006. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The School's deposits and investments are held separately by several of the School District's funds.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1. The District has elected to have 50% of the taxes billed and due July 1st and the remaining 50% billed and due December 1. The summer levy becomes delinquent as of August 14 for City taxpayers and September 14 for Township taxpayers, and the winter levy becomes delinquent as of February 14 for all taxpayers. After these dates, unpaid taxes are subject to penalties and interest.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-homestead	17.5505
Debt Service Fund - Homestead and non-homestead	3.9000

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventories in the general and special revenue funds consist of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5-15 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulated earned but unused sick pay and comp time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has opted to apply the provisions of GASB 34 paragraph 146, which allows the amortization of premiums, discounts and bond issuance costs, prospectively for all bonds issued after July 1, 2002.

8. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, and debt service funds.

The District maintains a formalized encumbrance system. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Assistant Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

4. The assistant superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year, the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 5, 2005, or as amended by the School Board of Education on June 26, 2006.

B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations occurred in the following funds:

School Service Fund - Cadillac Community School Recreation Fund expenditures of \$358,699 exceeded appropriations of \$352,892 by \$5,807; Capital Projects Fund expenditures of \$91,670 exceeded appropriations of \$90,215 by \$1,455.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments - Credit Risk

The District's deposits and investments are all on deposit with banks within the City of Cadillac and Michigan School District Liquid Asset Fund Plus.

Investment rate risk. The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in Section 9 of the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with Section 7 of the District's investment policy.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Concentration of credit risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2006, \$3,618,945 of the government's bank balance of \$4,715,729 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end, all of the District's investments were uncategorized as to risk.

At year-end, the only investments were investment trust funds.

Investments not subject to categorization:

Investment Trust Funds	\$ <u>319,482</u>
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The District invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2006, the fair value of the District's investments is the same as the value of the pool share.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Balance Sheet classifications:

	Deposits	Investments	Fiduciary Assets	Total
Cash	\$ 3,621,974	\$ 0	\$ 445,241	\$ 4,067,215
Investments	0	319,482		319,482
	<u>\$ 3,621,974</u>	<u>\$ 319,482</u>	<u>\$ 445,241</u>	<u>\$ 4,386,697</u>

NOTE 3 - DETAILED NOTES ON ALL FUNDS

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, and fiduciary funds are as follows:

	General	1996 Debt Retirement	Nonmajor and Other Funds	Total
Receivables				
Interest	\$ 925	\$ 1,263	\$ 631	\$ 2,819
Taxes	99,714	17,796	5,437	122,947
Accounts	35,713	0	65,935	101,648
Due from Other Governments	3,201,003	0	48,372	3,249,375
Total Receivables	<u>\$ 3,337,355</u>	<u>\$ 19,059</u>	<u>\$ 120,375</u>	<u>\$ 3,476,789</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

	Unavailable	Unearned
Delinquent Property Taxes Receivable (General Fund)	\$ 84,258	\$ 0
Delinquent Property Taxes Receivable (Debt Service Funds)	20,498	0
Grants Receipts Received, But Not Yet Utilized	0	1,000
	<hr/>	<hr/>
Total Deferred/Unearned Revenue for Governmental Funds	\$ 104,756	\$ 1,000
	<hr/>	<hr/>

C. Capital Assets

A summary of changes in the District's capital assets follows:

	Balance July 1, 2005	Additional	Deletions	Balance June 30, 2006
Assets Not Being Depreciated:				
Construction in Progress	\$ 25,458	\$ 0	\$ 25,458	\$ 0
	<hr/>			<hr/>
Other Capital Assets:				
Buildings and Additions	\$ 29,688,216	\$ 94,086	\$ 0	\$ 29,782,302
Machinery and Equipment	11,871,391	296,096	0	12,167,487
Transportation Equipment	2,423,052	159,056	332,585	2,249,523
	<hr/>			<hr/>
Subtotal	\$ 43,982,659	\$ 549,238	\$ 332,585	\$ 44,199,312
	<hr/>			<hr/>
Accumulated Depreciation				
Buildings and Additions	\$ 6,885,983	\$ 479,105	\$ 0	\$ 7,365,088
Machinery and Equipment	9,366,333	480,175	0	9,846,508
Transportation Equipment	1,418,286	191,341	(314,827)	1,294,800
	<hr/>			<hr/>
Total Accumulated Depreciation	\$ 17,670,602	\$ 1,150,621	\$ (314,827)	\$ 18,506,396
	<hr/>			<hr/>
Net Other Capital Assets	\$ 26,312,057	\$ (601,383)	\$ 17,758	\$ 25,692,916
	<hr/>			<hr/>
Net Capital Assets	\$ 26,337,515	\$ (601,383)	\$ 43,216	\$ 25,692,916
	<hr/>			<hr/>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Depreciation for the fiscal year ended June 30, 2006 amounted to \$1,150,621. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Construction Commitments:

The District has no active construction projects as of June 30, 2006.

D. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the governmental long-term obligations for the District for the year ended June 30, 2006:

	SPECIAL ASSESSMENTS	TERMINATION BENEFITS AND COMPENSATED ABSENCES	BONDS	TOTAL
Balance, July 1, 2005	\$ 9,293	\$ 513,187	\$ 23,374,633	\$ 23,897,113
Additions	0	38,940	0	38,940
Deletions	(1,805)	0	(920,000)	(921,805)
Balance, June 30, 2006	\$ 7,488	\$ 552,127	\$ 22,454,633	\$ 23,014,248
Less current portion	(1,545)	0	(1,059,089)	(1,060,634)
Total due after one year	\$ 5,943	\$ 552,127	\$ 21,395,544	\$ 21,953,614

At June 30, 2006, the School District's Long-Term Debt consisted of the following:

GENERAL OBLIGATION SERIAL BONDS

1998 Refunding Bonds due in annual installments of \$35,000 to \$870,000, through May 1, 2022, interest at 4.00% to 4.75%	\$ 9,550,000
2005 Refunding Bonds due in annual installments of \$590,000 to \$1,130,000 through May 1, 2022, interest at 3.00% to 5.00%	12,755,000

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

SELF-LIQUIDATING BOND

1998 School Improvement Bond due in annual installments of \$9,089 to \$71,178, through May 15, 2013, interest at 3.954% 149,633

SPECIAL ASSESSMENTS

The School District has five special assessments on paving and curb and gutter installation by the City of Cadillac. The obligations require annual installments of \$1,805 plus interest computed at rates varying from 6.13% to 7.00% 7,488

OTHER

Employee Benefits - Sick Leave 552,127

TOTAL LONG-TERM DEBT \$ 23,014,248

The annual requirements to amortize all debt outstanding as of June 30, 2006, including interest payments of \$9,383,214 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts Payable</u>
2007	\$ 1,060,634	\$ 985,884	\$ 2,046,518
2008	1,095,906	953,327	2,049,233
2009	1,187,381	919,975	2,107,356
2010	1,190,248	860,456	2,050,704
2011	1,240,815	801,428	2,042,243
2012-2016	6,932,137	3,219,335	10,151,472
2017-2021	8,125,000	1,563,483	9,688,483
2022	1,630,000	79,326	1,709,326
	<u>\$ 22,462,121</u>	<u>\$ 9,383,214</u>	<u>\$ 31,845,335</u>
Compensated absences	552,127	0	552,127
	<u>\$ 23,014,248</u>	<u>\$ 9,383,214</u>	<u>\$ 32,397,462</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The annual requirements to amortize the accrued sick leave is uncertain because it is unknown when the employees will use the sick leave.

E. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2006, were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 49,903	\$ 0
School Service Fund - Food Service	0	44,314
School Service Fund - Athletic Activities Fund	0	5,589
1996 Debt Retirement Fund	0	533,770
2005 Debt Retirement Fund	533,770	0
	<u>\$ 583,673</u>	<u>\$ 583,673</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2006 are expected to be repaid within one year.

Interfund transfers as shown in the individual fund financial statements at June 30, 2006, were:

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 379,000
School Service Fund - Camp Torenta Fund	30,000	0
School Service Fund - Athletic Activities Fund	349,000	0
1996 Debt Retirement Fund	0	1,151,326
2005 Debt Retirement Fund	1,151,326	0
	<u>\$ 1,530,326</u>	<u>\$ 1,530,326</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Leases

The rental expense for the year ended June 30, 2006, and 2005, totaled \$62,003 and \$68,016, respectively.

The rental expense consists of lease agreements on copiers. The future minimum lease payments for these leases are as follows:

YEAR ENDING	PAYABLES
2007	\$ 44,977
2008	43,569
2009	35,005
2010	19,770
2011	16,475
	<u>\$ 159,796</u>

G. Designated and Reserved Fund Balance

The School has designated the General Fund balance as follows:

1. Technology

The Board has designated \$96,572 for future technology expenditures.

2. Sick Leave

At June 30, 2006, the accumulated employee benefits liability for sick pay is estimated at \$552,127. It is reasonably possible that the estimated liabilities could change significantly due to nonvested employees leaving the District or a higher or lower than normal use of employee sick leave.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

3. Working Capital

The School has had a long-standing goal of not borrowing general operating funds and of maintaining a general fund balance designated for working capital. To accomplish this goal, the School has designated 18% of budgeted expenditures for working capital, if available.

NOTE 4 - OTHER INFORMATION

A. Employee Retirement System

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the nine member board of MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (517) 322-5103.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2006, was 14.87% for the first quarter and 16.34% for the remainder of the year. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the year ended June 30, 2006, 2005 and 2004 were \$2,509,797, \$2,190,364 and \$1,936,459 respectively, and were equal to the required contribution for those years.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post Employment Benefits Funding Policy

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2006 or any of the prior three years.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR FUNDS

YEAR ENDED JUNE 30, 2006

	GENERAL FUND			1996 DEBT RETIREMENT FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>						
Local Sources	\$ 5,211,441	\$ 5,574,787	\$ 5,614,955	\$ 1,580,826	\$ 1,902,792	\$ 1,909,213
State Sources	18,599,246	18,550,022	18,537,638	0	0	0
Federal Sources	957,700	1,031,293	1,029,665	0	0	0
Other Transactions	865,200	920,833	978,253	0	0	3,156
Total Revenues	<u>\$ 25,633,587</u>	<u>\$ 26,076,935</u>	<u>\$26,160,511</u>	<u>\$ 1,580,826</u>	<u>\$ 1,902,792</u>	<u>\$ 1,912,369</u>
<u>EXPENDITURES</u>						
Instruction						
Basic Programs	\$ 12,594,589	\$ 12,661,235	\$12,555,423	\$ 0	\$ 0	\$ 0
Added Needs	2,361,577	2,386,195	2,508,869	0	0	0
Adult/Continuing Education	911,928	908,459	940,722	0	0	0
Supporting Services						
Pupil	1,345,271	1,369,288	1,399,639	0	0	0
Instructional Staff	895,102	942,475	931,225	0	0	0
General Administration	457,114	433,210	424,672	0	0	0
School Administration	1,736,072	1,706,551	1,714,034	0	0	0
Business	514,136	532,117	521,104	0	0	0
Operation and Maintenance of Plant	3,077,878	3,314,981	3,321,871	0	0	0
Pupil Transportation Services	1,261,093	1,460,989	1,426,438	0	0	0
Information Services	250	81	81	0	0	0
Community Services	57,898	73,927	72,079	0	0	0
Capital Outlay	319,232	0	0	0	0	0
Debt Service						
Principal	0	0	0	890,000	890,000	890,000
Interest	0	0	0	64,526	64,525	64,525
Other Transactions	0	7,000	6,805	2,050	7,000	6,822
Total Expenditures	<u>\$ 25,532,140</u>	<u>\$ 25,796,508</u>	<u>\$25,822,962</u>	<u>\$ 956,576</u>	<u>\$ 961,525</u>	<u>\$ 961,347</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 101,447	\$ 280,427	\$ 337,549	\$ 624,250	\$ 941,267	\$ 951,022
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers Out	(539,000)	(419,000)	(379,000)	0	(1,141,330)	(1,151,326)
Net Change in Fund Balance	\$ (437,553)	\$ (138,573)	\$ (41,451)	\$ 624,250	\$ (200,063)	\$ (200,304)
<u>FUND BALANCE - Beginning of Year</u>	<u>4,085,177</u>	<u>4,076,176</u>	<u>4,076,176</u>	<u>200,304</u>	<u>200,304</u>	<u>200,304</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 3,647,624</u>	<u>\$ 3,937,603</u>	<u>\$ 4,034,725</u>	<u>\$ 824,554</u>	<u>\$ 241</u>	<u>\$ 0</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2006

	SPECIAL REVENUE FUNDS	NONMAJOR DEBT RETIREMENT FUNDS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 224,802	\$ 254,708	\$ 504,045	\$ 983,555
Taxes Receivable	0	5,437	0	5,437
Accounts Receivable	65,935	0	0	65,935
Due from Other Governments	18,275	0	30,097	48,372
Due from Other Funds	0	533,770	0	533,770
Interest Receivable	0	581	50	631
Inventory	26,004	0	0	26,004
TOTAL ASSETS	<u>\$ 335,016</u>	<u>\$ 794,496</u>	<u>\$ 534,192</u>	<u>\$ 1,663,704</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 23,598	\$ 0	\$ 0	\$ 23,598
Accrued Expenses	4,087	0	0	4,087
Salaries Payable	3,866	0	0	3,866
Deferred Revenue	0	4,817	0	4,817
Due to Other Funds	49,903	0	0	49,903
	<u>\$ 81,454</u>	<u>\$ 4,817</u>	<u>\$ 0</u>	<u>\$ 86,271</u>
<u>FUND BALANCE</u>				
Reserved for Inventory	\$ 26,004	\$ 0	\$ 0	\$ 26,004
Reserved for Debt Service	0	789,679	0	789,679
Unreserved, Undesignated	185,768	0	534,192	719,960
Unreserved, Designated	41,790	0	0	41,790
Total Fund Balances	<u>\$ 253,562</u>	<u>\$ 789,679</u>	<u>\$ 534,192</u>	<u>\$ 1,577,433</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 335,016</u>	<u>\$ 794,496</u>	<u>\$ 534,192</u>	<u>\$ 1,663,704</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS	NONMAJOR DEBT RETIREMENT FUNDS	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 1,003,316	\$ 560,859	\$ 46,055	\$ 1,610,230
Intermediate Sources	66,867	0	0	66,867
State Sources	53,049	16,447	0	69,496
Federal Sources	565,393	0	0	565,393
Other Transactions	375	925	52,673	53,973
Total Revenues	\$ 1,689,000	\$ 578,231	\$ 98,728	\$ 2,365,959
<u>EXPENDITURES</u>				
Community Services	\$ 390,179	\$ 0	\$ 0	\$ 390,179
Food Service Activities	1,121,810	0	0	1,121,810
Athletic Activities	539,411	0	0	539,411
Capital Outlay - Capital Projects	0	0	91,670	91,670
Debt Service				
Principle	0	30,000	0	30,000
Interest	0	1,066,452	0	1,066,452
Other Expenses	0	2,584	0	2,584
Total Expenditures	\$ 2,051,400	\$ 1,099,036	\$ 91,670	\$ 3,242,106
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (362,400)	\$ (520,805)	\$ 7,058	\$ (876,147)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 379,000	\$ 1,151,326	\$ 0	\$ 1,530,326
Net Change in Fund Balance	\$ 16,600	\$ 630,521	\$ 7,058	\$ 654,179
<u>FUND BALANCE - Beginning of Year</u>	236,962	159,158	527,134	923,254
<u>FUND BALANCE - End of Year</u>	\$ 253,562	\$ 789,679	\$ 534,192	\$ 1,577,433

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 2,108,027	\$ 2,468,032
Taxes Receivable	99,714	108,767
Accounts Receivable	35,713	5,436
Interest Receivable	925	431
Due from Other Governmental Units	3,201,003	3,473,464
Due from Other Funds	49,903	23,103
Prepaid Expenditures	117,376	148,737
Inventory	56,483	62,453
Investments	319,482	254,448
	<hr/>	<hr/>
TOTAL ASSETS	\$ 5,988,626	\$ 6,544,871
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 128,276	\$ 127,924
Accrued Expenses	531,428	591,022
Salaries Payable	1,208,939	1,622,214
Deferred Revenue	85,258	120,961
Due to Other Governmental Units	0	6,574
	<hr/>	<hr/>
Total Liabilities	\$ 1,953,901	\$ 2,468,695
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for		
Inventory	\$ 56,483	\$ 62,453
Prepaid Expenditures	117,376	148,737
Unreserved		
Designated for		
Technology	96,572	183,026
Sick Leave	552,127	513,187
Working Capital	3,212,167	3,168,773
Undesignated	0	0
	<hr/>	<hr/>
Total Fund Balance	\$ 4,034,725	\$ 4,076,176
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,988,626	\$ 6,544,871
	<hr/>	<hr/>

CADILLAC AREA PUBLIC SCHOOLS

CADILLAC, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 5,574,787	\$ 5,614,955	\$ 4,960,956
State Sources	18,550,022	18,537,638	18,837,530
Federal Sources	1,031,293	1,029,665	1,214,595
Other Transactions	920,833	978,253	627,617
Total Revenues	\$ 26,076,935	\$ 26,160,511	\$ 25,640,698
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary	\$ 5,121,674	\$ 5,104,234	\$ 5,334,522
Middle/Junior High	3,987,651	3,872,518	3,853,669
High School	3,036,704	3,034,000	2,917,980
Pre-School	396,697	394,606	302,100
Other Basic Programs	118,509	150,065	121,360
Added Needs			
Special Education	1,812,806	1,932,363	1,763,652
Compensatory Education	573,389	576,506	512,525
Adult/Continuing Education			
Basic Programs	908,459	940,722	953,194
Supporting Services			
Pupil			
Attendance Services	142,178	134,492	133,865
Guidance Services	838,649	860,333	906,813
Health Services	1,500	630	408
Other Pupil Services	386,961	404,184	400,448
Eisenhower	0	0	21,012
Instructional Staff			
Curriculum Improvement	188,116	191,223	178,346
Educational Media Service	257,989	257,382	242,874
Educational Radio and TV	46,147	41,779	46,106
Computer Assisted Instruction	425,769	416,410	421,504
Supervision and Direction	24,454	24,431	24,073
General Administration			
Board of Education	86,634	84,913	87,683
Executive Administration	346,576	339,759	342,478

CADILLAC AREA PUBLIC SCHOOLS

CADILLAC, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
School Administration			
Office of the Principal	1,706,551	1,714,034	1,717,327
Business			
Fiscal Services	392,415	394,692	384,716
Other Business Services	139,702	126,412	144,804
Operation and Maintenance of Plant	3,314,981	3,321,871	3,143,432
Pupil Transportation Services	1,460,989	1,426,438	1,417,448
Information Services	81	81	0
Community Services			
Civic Activities	0	0	2,611
Custody and Care of Children	47,023	41,998	42,108
Other Community Services	26,904	30,081	4,060
Other Transactions			
Transfers to Other School Districts	7,000	6,805	6,574
Total Expenditures	<u>\$ 25,796,508</u>	<u>\$ 25,822,962</u>	<u>\$ 25,427,692</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 280,427</u>	<u>\$ 337,549</u>	<u>\$ 213,006</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out			
Capital Projects Funds	\$ 0	\$ 0	\$ (100,000)
School Service Funds			
Athletic Activities	(349,000)	(349,000)	(428,000)
Camp Torenta	(30,000)	(30,000)	(32,000)
Cadillac Community School Recreation	(40,000)	0	(34,811)
Total	<u>\$ (419,000)</u>	<u>\$ (379,000)</u>	<u>\$ (594,811)</u>
Net Change in Fund Balance	<u>\$ (138,573)</u>	<u>\$ (41,451)</u>	<u>\$ (381,805)</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>4,076,176</u>	<u>4,076,176</u>	<u>4,457,981</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 3,937,603</u></u>	<u><u>\$ 4,034,725</u></u>	<u><u>\$ 4,076,176</u></u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>			
Property Taxes			
Current Year Levy	\$ 5,269,194	\$ 5,270,523	\$ 4,685,895
Penalties and Interest on Delinquent Taxes	20,830	20,999	16,351
Tuition	8,025	8,845	7,520
Earnings on Investments and Deposits	65,000	74,635	48,543
Other Local Revenues			
Rentals	39,000	44,355	39,179
Private Sources	24,150	18,242	34,519
Driver Education	15,000	15,925	39,720
Miscellaneous	133,588	161,431	89,229
Total Local Sources	<u>\$ 5,574,787</u>	<u>\$ 5,614,955</u>	<u>\$ 4,960,956</u>
<u>STATE SOURCES</u>			
Grants-In-Aid			
Received Through State			
State School Aid	\$ 18,085,153	\$ 18,072,769	\$ 18,472,699
Driver Education	0	0	20,718
Durant	23,422	23,422	23,422
Received Through Intermediate School District			
Childhood	422,400	422,400	316,631
Great Parents	19,047	19,047	4,060
Total State Sources	<u>\$ 18,550,022</u>	<u>\$ 18,537,638</u>	<u>\$ 18,837,530</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>FEDERAL SOURCES</u>			
Grants-In-Aid Restricted			
Received Through the State			
Title I	\$ 652,511	\$ 652,511	\$ 652,511
Drug Free Schools	39,396	36,396	32,791
Comprehensive School Reform Demonstration	0	0	194,191
Energy	0	0	1,200
FIA School Success Program	18,000	21,785	14,221
Homeland Security	8,994	8,994	17,857
Title II	230,000	225,613	240,189
Title V	10,510	10,510	9,733
Handicapped Preschool Program	0	3,710	0
Grants-In-Aid			
Received Through Intermediate School District			
Administrative Outreach	19,000	17,264	22,630
Payments in Lieu of Taxes			
National Forest	52,882	52,882	29,272
Total Federal Sources	<u>\$ 1,031,293</u>	<u>\$ 1,029,665</u>	<u>\$ 1,214,595</u>
<u>OTHER TRANSACTIONS</u>			
Transfers from Other Governmental Units			
Intermediate School District			
Special Education	\$ 789,613	\$ 789,613	\$ 516,546
Meal Delivery Reimbursement	3,000	2,980	3,300
Medicaid Caseload Coordination	43,000	52,414	23,644
Transition Mini-Grant	54,988	55,858	54,812
Transportation Reimbursement	5,000	9,749	8,552
Technology Reimbursement	0	26,057	0
City of Cadillac	12,000	12,000	12,000
Sale of Capital Assets	11,732	29,582	5,255
Refund of Prior Year Taxes Previously Written Off	500	0	0
Miscellaneous Income	1,000	0	3,508
Total Other Transactions	<u>\$ 920,833</u>	<u>\$ 978,253</u>	<u>\$ 627,617</u>
TOTAL REVENUES	<u>\$ 26,076,935</u>	<u>\$ 26,160,511</u>	<u>\$ 25,640,698</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>INSTRUCTION</u>			
<u>Basic Programs</u>			
<u>Elementary</u>			
Salaries	\$ 3,237,327	\$ 3,232,318	\$ 3,435,336
Employee Benefits	1,619,450	1,621,587	1,475,787
Purchased Services	80,407	76,859	62,252
Supplies and Materials	184,490	173,470	292,943
Capital Outlay	0	0	68,204
	<u>\$ 5,121,674</u>	<u>\$ 5,104,234</u>	<u>\$ 5,334,522</u>
<u>Middle/Junior High</u>			
Salaries	\$ 2,609,053	\$ 2,512,877	\$ 2,651,033
Employee Benefits	1,177,207	1,170,156	1,064,268
Purchased Services	50,182	48,455	33,502
Supplies and Materials	112,385	105,023	55,083
Capital Outlay	36,704	34,581	49,131
Other Expense	2,120	1,426	652
	<u>\$ 3,987,651</u>	<u>\$ 3,872,518</u>	<u>\$ 3,853,669</u>
<u>High School</u>			
Salaries	\$ 1,947,513	\$ 1,953,869	\$ 1,962,120
Employee Benefits	860,554	865,820	762,844
Purchased Services	57,998	56,228	55,323
Supplies and Materials	102,387	90,669	93,093
Capital Outlay	58,072	56,843	43,650
Other Expense	10,180	10,571	950
	<u>\$ 3,036,704</u>	<u>\$ 3,034,000</u>	<u>\$ 2,917,980</u>
<u>Pre-School</u>			
Salaries	\$ 129,402	\$ 130,364	\$ 65,033
Employee Benefits	33,340	33,165	15,701
Purchased Services	212,855	213,384	211,321
Supplies and Materials	17,000	14,259	9,186
Capital Outlay	4,100	3,434	859
	<u>\$ 396,697</u>	<u>\$ 394,606</u>	<u>\$ 302,100</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>Other Basic Programs</u>			
Salaries	\$ 95,048	\$ 121,456	\$ 99,835
Employee Benefits	21,280	27,430	20,273
Supplies and Materials	2,181	1,179	1,252
	<u>\$ 118,509</u>	<u>\$ 150,065</u>	<u>\$ 121,360</u>
<u>Added Needs</u>			
<u>Special Education</u>			
Salaries	\$ 1,245,491	\$ 1,308,283	\$ 1,260,072
Employee Benefits	537,933	594,486	476,593
Purchased Services	3,250	3,992	4,878
Supplies and Materials	26,132	25,602	22,109
	<u>\$ 1,812,806</u>	<u>\$ 1,932,363</u>	<u>\$ 1,763,652</u>
<u>Compensatory Education</u>			
Salaries	\$ 360,057	\$ 361,477	\$ 341,771
Employee Benefits	208,956	211,395	168,110
Purchased Services	149	695	349
Supplies and Materials	2,727	2,464	2,295
Other Expense	1,500	475	0
	<u>\$ 573,389</u>	<u>\$ 576,506</u>	<u>\$ 512,525</u>
<u>Adult/Continuing Education</u>			
Salaries	\$ 608,443	\$ 634,755	\$ 624,917
Employee Benefits	257,415	262,597	230,352
Purchased Services	26,704	25,743	14,191
Supplies and Materials	12,297	13,318	76,786
Capital Outlay	3,600	3,600	6,589
Other Expense	0	709	359
	<u>\$ 908,459</u>	<u>\$ 940,722</u>	<u>\$ 953,194</u>
<u>SUPPORTING SERVICES</u>			
<u>Pupil</u>			
<u>Attendance Services</u>			
Salaries	\$ 90,250	\$ 80,773	\$ 85,804
Employee Benefits	51,928	53,719	48,061
	<u>\$ 142,178</u>	<u>\$ 134,492</u>	<u>\$ 133,865</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>Guidance Services</u>			
Salaries	\$ 530,877	\$ 528,671	\$ 594,244
Employee Benefits	266,443	275,018	267,986
Purchased Services	38,900	54,481	40,659
Supplies and Materials	2,429	2,163	3,924
	<u>\$ 838,649</u>	<u>\$ 860,333</u>	<u>\$ 906,813</u>
<u>Health Services</u>			
Supplies and Materials	\$ 1,500	\$ 630	\$ 408
<u>Other Pupil Services</u>			
Salaries	\$ 286,168	\$ 313,088	\$ 308,878
Employee Benefits	64,668	72,609	67,313
Purchased Services	26,735	9,097	8,427
Supplies and Materials	9,390	9,390	4,839
Other Expenses	0	0	10,991
	<u>\$ 386,961</u>	<u>\$ 404,184</u>	<u>\$ 400,448</u>
<u>Eisenhower</u>			
Salaries	\$ 0	\$ 0	\$ 9,761
Employee Benefits	0	0	2,173
Purchased Services	0	0	9,053
Supplies	0	0	25
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,012</u>
<u>Instructional Staff</u>			
<u>Curriculum Improvement</u>			
Salaries	\$ 68,602	\$ 67,965	\$ 63,523
Employee Benefits	23,986	23,014	19,830
Purchased Services	18,996	18,864	12,320
Supplies	76,442	81,380	76,515
Capital Outlay	0	0	6,068
Other Expenses	90	0	90
	<u>\$ 188,116</u>	<u>\$ 191,223</u>	<u>\$ 178,346</u>
<u>Educational Media Services</u>			
Salaries	\$ 140,269	\$ 139,690	\$ 148,867
Employee Benefits	78,797	80,575	61,912
Purchased Services	8,859	8,910	1,638

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
Supplies and Materials	30,064	28,207	30,457
	\$ 257,989	\$ 257,382	\$ 242,874
<u>Educational Radio and TV</u>			
Salaries	\$ 29,420	\$ 26,165	\$ 29,685
Employee Benefits	14,611	13,953	15,301
Purchased Services	1,445	1,425	385
Supplies and Materials	271	236	735
Capital Outlay	400	0	0
	\$ 46,147	\$ 41,779	\$ 46,106
<u>Computer Assisted Instruction</u>			
Salaries	\$ 250,000	\$ 246,466	\$ 239,874
Employee Benefits	90,269	92,673	83,804
Purchased Services	25,000	21,446	38,287
Supplies and Materials	19,000	17,030	50,156
Capital Outlay	41,500	38,795	9,383
	\$ 425,769	\$ 416,410	\$ 421,504
<u>Supervision and Direction</u>			
Salaries	\$ 17,301	\$ 16,937	\$ 17,040
Employee Benefits	7,153	7,444	6,559
Purchased Services	0	50	474
	\$ 24,454	\$ 24,431	\$ 24,073
<u>General Administration</u>			
<u>Board of Education</u>			
Purchased Services	\$ 75,559	\$ 75,109	\$ 80,519
Supplies and Materials	2,000	540	992
Other Expenses	9,075	9,264	6,172
	\$ 86,634	\$ 84,913	\$ 87,683
<u>Executive Administration</u>			
Salaries	\$ 212,332	\$ 207,002	\$ 218,214
Employee Benefits	96,421	95,095	98,847
Purchased Services	29,974	30,837	19,757
Supplies and Materials	4,750	4,594	1,124
Capital Outlay	599	599	0
Other Expenses	2,500	1,632	4,536
	\$ 346,576	\$ 339,759	\$ 342,478

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>School Administration</u>			
<u>Office of the Principal</u>			
Salaries	\$ 1,101,872	\$ 1,116,889	\$ 1,155,765
Employee Benefits	542,507	535,255	505,830
Purchased Services	42,840	43,120	41,076
Supplies and Materials	14,332	14,933	10,849
Other Expense	5,000	3,837	3,807
	<u>\$ 1,706,551</u>	<u>\$ 1,714,034</u>	<u>\$ 1,717,327</u>
<u>Business</u>			
<u>Fiscal Services</u>			
Salaries	\$ 241,699	\$ 244,540	\$ 242,548
Employee Benefits	130,734	131,189	124,842
Purchased Services	13,068	12,383	7,489
Supplies and Materials	5,500	5,255	5,521
Capital Outlay	0	0	3,094
Other Expenses	1,414	1,325	1,222
	<u>\$ 392,415</u>	<u>\$ 394,692</u>	<u>\$ 384,716</u>
<u>Other Business Services</u>			
Purchased Services	\$ 123,915	\$ 123,915	\$ 124,724
Other Expenses	15,787	2,497	20,080
	<u>\$ 139,702</u>	<u>\$ 126,412</u>	<u>\$ 144,804</u>
<u>Operation and Maintenance of Plant</u>			
Salaries	\$ 936,443	\$ 949,073	\$ 897,824
Employee Benefits	590,640	597,359	561,550
Purchased Services	733,197	733,329	783,828
Supplies and Materials	972,665	960,435	794,140
Capital Outlay	81,636	81,315	105,504
Other Expense	400	360	586
	<u>\$ 3,314,981</u>	<u>\$ 3,321,871</u>	<u>\$ 3,143,432</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>Pupil Transportation Services</u>			
Salaries	\$ 621,413	\$ 597,830	\$ 608,090
Employee Benefits	364,079	359,997	336,554
Purchased Services	50,941	49,069	31,019
Supplies and Materials	288,800	283,757	240,193
Capital Outlay	134,056	134,056	199,804
Other Expenses	1,700	1,729	1,788
	<u>\$ 1,460,989</u>	<u>\$ 1,426,438</u>	<u>\$ 1,417,448</u>
<u>Information Services</u>			
Purchased Services	<u>\$ 81</u>	<u>\$ 81</u>	<u>\$ 0</u>
<u>COMMUNITY SERVICES</u>			
<u>Civic Activities</u>			
Purchased Services	\$ 0	\$ 0	\$ 53
Supplies and Materials	0	0	561
Other Expenses	0	0	1,997
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,611</u>
<u>Custody and Care of Children</u>			
Salaries	\$ 39,909	\$ 34,825	\$ 35,350
Employee Benefits	5,314	5,691	4,971
Purchased Services	1,800	1,482	1,787
	<u>\$ 47,023</u>	<u>\$ 41,998</u>	<u>\$ 42,108</u>
<u>Other Community Services</u>			
Salaries	\$ 13,506	\$ 13,784	\$ 2,712
Employee Benefits	3,278	3,275	611
Purchased Services	2,654	2,980	0
Supplies and Materials	4,891	5,205	737
Other Expenses	2,575	4,837	0
	<u>\$ 26,904</u>	<u>\$ 30,081</u>	<u>\$ 4,060</u>
<u>OTHER TRANSACTIONS</u>			
Transfers to Other School Districts	<u>\$ 7,000</u>	<u>\$ 6,805</u>	<u>\$ 6,574</u>
Total Expenditures	<u>\$ 25,796,508</u>	<u>\$ 25,822,962</u>	<u>\$ 25,427,692</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING USES</u>			
Transfers Out			
Capital Projects Funds	\$ 0	\$ 0	\$ 100,000
School Service Funds			
Athletic Activities	349,000	349,000	428,000
Camp Torenta	30,000	30,000	32,000
Cadillac Community School Recreation	40,000	0	34,811
	<u>\$ 419,000</u>	<u>\$ 379,000</u>	<u>\$ 594,811</u>
 TOTAL EXPENDITURES AND OTHER USES	 <u>\$ 26,215,508</u>	 <u>\$ 26,201,962</u>	 <u>\$ 26,022,503</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR JUNE 30, 2005

	<u>FOOD SERVICE FUND</u>	<u>ATHLETIC ACTIVITIES FUND</u>
<u>ASSETS</u>		
Cash	\$ 81,004	\$ 104,957
Accounts Receivable	57,226	0
Due from Other Governmental Units	16,002	0
Prepaid Expenditures	0	0
Inventory	26,004	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 180,236	\$ 104,957
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 23,472	\$ 46
Accrued Expenses	0	0
Salaries Payable	0	0
Due to Other Funds	44,314	5,589
	<hr/>	<hr/>
Total Liabilities	\$ 67,786	\$ 5,635
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for		
Inventory	\$ 26,004	\$ 0
Prepaid Expenditures	0	0
Unreserved		
Designated for:		
Food Service	86,446	0
Athletic Activities	0	99,322
Undesignated	0	0
	<hr/>	<hr/>
Total Fund Balance	\$ 112,450	\$ 99,322
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 180,236	\$ 104,957
	<hr/>	<hr/>

CADILLAC COMMUNITY SCHOOL RECREATION FUND	CAMP TORENTA FUND	TOTALS	
		2006	2005
\$ 30,822	\$ 8,019	\$ 224,802	\$ 217,465
8,709	0	65,935	63,707
2,273	0	18,275	1,805
0	0	0	146
0	0	26,004	22,360
<hr/>		<hr/>	
\$ 41,804	\$ 8,019	\$ 335,016	\$ 305,483
<hr/>		<hr/>	

\$ 80	\$ 0	\$ 23,598	\$ 36,398
4,087	0	4,087	1,520
3,866	0	3,866	7,500
0	0	49,903	23,103
<hr/>		<hr/>	
\$ 8,033	\$ 0	\$ 81,454	\$ 68,521
<hr/>		<hr/>	

\$ 0	\$ 0	\$ 26,004	\$ 22,360
0	0	0	146
0	0	86,446	53,824
0	0	99,322	106,123
33,771	8,019	41,790	54,509
<hr/>		<hr/>	
\$ 33,771	\$ 8,019	\$ 253,562	\$ 236,962
<hr/>		<hr/>	
\$ 41,804	\$ 8,019	\$ 335,016	\$ 305,483
<hr/>		<hr/>	

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND
<u>REVENUES</u>		
Local Sources	\$ 545,613	\$ 183,564
Intermediate Sources	0	0
State Sources	53,049	0
Federal Sources	559,039	0
Other Transactions	375	0
	<hr/>	<hr/>
Total Revenues	\$ 1,158,076	\$ 183,564
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Salaries	\$ 278,154	\$ 271,665
Employee Benefits	167,007	70,981
Purchased Services	178,583	118,151
Supplies and Materials	482,753	61,864
Capital Outlay	0	4,595
Other Expense	15,313	12,155
	<hr/>	<hr/>
Total Expenditures	\$ 1,121,810	\$ 539,411
	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	\$ 36,266	\$ (355,847)
	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In (Out)	0	349,000
	<hr/>	<hr/>
Net Change in Fund Balance	\$ 36,266	\$ (6,847)
	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	76,184	106,169
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 112,450	\$ 99,322
	<hr/> <hr/>	<hr/> <hr/>

CADILLAC COMMUNITY SCHOOL RECREATION FUND	CAMP TORENTA FUND	TOTALS	
		2006	2005
\$ 269,228	\$ 4,911	\$ 1,003,316	\$ 938,065
66,867	0	66,867	70,033
0	0	53,049	54,944
6,354	0	565,393	539,060
0	0	375	0
<u>\$ 342,449</u>	<u>\$ 4,911</u>	<u>\$ 1,689,000</u>	<u>\$ 1,602,102</u>
\$ 213,934	\$ 2,286	\$ 766,039	\$ 783,335
43,481	515	281,984	278,964
41,018	4,581	342,333	331,097
54,291	23,890	622,798	591,269
0	0	4,595	1,198
5,975	208	33,651	19,909
<u>\$ 358,699</u>	<u>\$ 31,480</u>	<u>\$ 2,051,400</u>	<u>\$ 2,005,772</u>
\$ (16,250)	\$ (26,569)	\$ (362,400)	\$ (403,670)
<u>0</u>	<u>30,000</u>	<u>379,000</u>	<u>493,811</u>
\$ (16,250)	\$ 3,431	\$ 16,600	\$ 90,141
<u>50,021</u>	<u>4,588</u>	<u>236,962</u>	<u>146,821</u>
<u>\$ 33,771</u>	<u>\$ 8,019</u>	<u>\$ 253,562</u>	<u>\$ 236,962</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 81,004	\$ 44,780
Accounts Receivable	57,226	57,194
Due from Other Governmental Units	16,002	0
Inventory	26,004	22,360
TOTAL ASSETS	<u>\$ 180,236</u>	<u>\$ 124,334</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 23,472	\$ 32,568
Due to Other Funds	44,314	15,582
Total Liabilities	<u>\$ 67,786</u>	<u>\$ 48,150</u>
<u>FUND BALANCE</u>		
Reserved for Inventory	\$ 26,004	\$ 22,360
Unreserved		
Designated for Food Service	86,446	53,824
Total Fund Balance	<u>\$ 112,450</u>	<u>\$ 76,184</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 180,236</u>	<u>\$ 124,334</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

FOOD SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2006	2005
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 648	\$ 661
Food Sales to Pupils	497,936	480,454
Food Sales to Adults	24,570	24,102
Food Reimbursements and Banquets	16,348	21,971
Food Sales - Vending	6,111	5,609
State Sources		
State Aid - Regular	53,049	54,944
Federal Sources		
Federal Aid - Regular	484,651	459,493
Federal Aid - U.S.D.A. Commodities	74,388	72,201
Other Transactions		
Sale of Fixed Assets	375	0
	<hr/>	<hr/>
Total Revenues	\$ 1,158,076	\$ 1,119,435
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Salaries	\$ 278,154	\$ 287,424
Employee Benefits	167,007	168,670
Purchased Services	178,583	176,272
Supplies and Materials	482,753	482,405
Other Expenses	15,313	11,509
	<hr/>	<hr/>
Total Expenditures	\$ 1,121,810	\$ 1,126,280
	<hr/>	<hr/>
Excess of Revenues Over Expenditures	\$ 36,266	\$ (6,845)
	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers Out		
Capital Projects Fund	0	(1,000)
	<hr/>	<hr/>
Net Change in Fund Balance	\$ 36,266	\$ (7,845)
	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	76,184	84,029
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 112,450	\$ 76,184
	<hr/>	<hr/>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 104,957	\$ 115,547
Prepaid Expenditures	0	46
	<hr/>	<hr/>
TOTAL ASSETS	\$ 104,957	\$ 115,593
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 46	\$ 1,903
Due to Other Funds	5,589	7,521
	<hr/>	<hr/>
Total Liabilities	\$ 5,635	\$ 9,424
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for		
Prepaid Expenditures	\$ 0	\$ 46
Unreserved		
Designated for Athletic Activities	99,322	106,123
	<hr/>	<hr/>
Total Fund Balance	\$ 99,322	\$ 106,169
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 104,957	\$ 115,593
	<hr/> <hr/>	<hr/> <hr/>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 1,427	\$ 657
Admissions	73,685	70,226
Activity Tickets	16,784	14,947
Donations	35,182	24,400
Miscellaneous		
Tournament Revenue	29,781	24,163
Sponsorships	19,264	0
Entry Fees	6,070	5,705
Other	1,371	1,461
Total Revenues	<u>\$ 183,564</u>	<u>\$ 141,559</u>
<u>EXPENDITURES</u>		
Salaries	\$ 271,665	\$ 272,948
Employee Benefits	70,981	67,238
Purchased Services	118,151	112,180
Supplies and Materials	61,864	37,979
Capital Outlay - Equipment	4,595	1,198
Other Expenses	12,155	10,585
Total Expenditures	<u>\$ 539,411</u>	<u>\$ 502,128</u>
Excess of Revenues Over (Under) Expenditures	\$ (355,847)	\$ (360,569)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
General Fund	<u>349,000</u>	<u>428,000</u>
Net Change in Fund Balance	\$ (6,847)	\$ 67,431
<u>FUND BALANCE</u> - Beginning of Year	<u>106,169</u>	<u>38,738</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 99,322</u>	<u>\$ 106,169</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

CADILLAC COMMUNITY SCHOOL RECREATION FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>ASSETS</u>	2006	2005
Cash		\$ 30,822	\$ 51,421
Accounts Receivable		8,709	6,513
Due from Other Governmental Units		2,273	1,805
Prepaid Expenditures		0	100
		<hr/>	<hr/>
TOTAL ASSETS		<u>\$ 41,804</u>	<u>\$ 59,839</u>
	<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>			
Accounts Payable		\$ 80	\$ 798
Accrued Expenses		4,087	1,520
Salaries Payable		3,866	7,500
		<hr/>	<hr/>
Total Liabilities		<u>\$ 8,033</u>	<u>\$ 9,818</u>
<u>FUND BALANCE</u>			
Reserved for			
Prepaid Expenditures		\$ 0	\$ 100
Unreserved			
Undesignated		33,771	49,921
		<hr/>	<hr/>
Total Fund Balance		<u>\$ 33,771</u>	<u>\$ 50,021</u>
		<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 41,804</u>	<u>\$ 59,839</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

CADILLAC COMMUNITY SCHOOL RECREATION FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Local Sources		
Tuition and Fees		
Enrichment	\$ 211,318	\$ 198,487
Recreation	50,863	47,439
Senior Citizens Center	2,319	4,332
Other Local Revenues		
Miscellaneous		
Ticket Sales	3,698	5,738
Other Revenue	40	784
Earnings on Investments and Deposits	990	265
Intermediate Sources		
Contribution from the City of Cadillac	62,700	62,700
Wexford County United Way	4,167	7,333
Federal Sources		
Meals Reimbursement	6,354	7,366
Total Revenues	<u>\$ 342,449</u>	<u>\$ 334,444</u>
<u>EXPENDITURES</u>		
Supporting Services		
Operation and Maintenance		
Salaries	\$ 11,272	\$ 15,334
Employee Benefits	1,777	2,172
Purchased Services	6,131	5,948
Supplies and Materials	4,203	1,810
	<u>\$ 23,383</u>	<u>\$ 25,264</u>
Community Services		
Direction		
Purchased Services	\$ 3,506	\$ 3,101
Supplies and Materials	511	1,369
Other Expenses	95	435
	<u>\$ 4,112</u>	<u>\$ 4,905</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

CADILLAC COMMUNITY SCHOOL RECREATION FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
Recreation		
Salaries	\$ 55,034	\$ 54,250
Employee Benefits	8,652	8,746
Purchased Services	29,065	11,588
Supplies and Materials	23,246	23,287
	<u>\$ 115,997</u>	<u>\$ 97,871</u>
Enrichment		
Salaries	\$ 147,628	\$ 149,102
Employee Benefits	33,052	30,126
Community Services		
Purchased Services	2,316	2,576
Supplies and Materials	26,331	26,013
	<u>\$ 209,327</u>	<u>\$ 207,817</u>
Other Community Services		
Other Programs		
Other Expenses	<u>\$ 5,880</u>	<u>\$ 6,305</u>
Total Expenditures	<u>\$ 358,699</u>	<u>\$ 342,162</u>
Excess of Revenues Over (Under) Expenditures	\$ (16,250)	\$ (7,718)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In		
General Fund	<u>0</u>	<u>34,811</u>
Net Change in Fund Balance	\$ (16,250)	\$ 27,093
<u>FUND BALANCE</u> - Beginning of Year	<u>50,021</u>	<u>22,928</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 33,771</u></u>	<u><u>\$ 50,021</u></u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

CAMP TORENTA FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 8,019	\$ 5,717
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 1,129
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	8,019	4,588
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,019	\$ 5,717

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

CAMP TORENTA FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Local Sources		
Rental Fees	\$ 4,850	\$ 4,050
Miscellaneous	0	2,533
Earnings on Investments	61	81
	<hr/>	<hr/>
Total Revenues	\$ 4,911	\$ 6,664
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Community Services		
Salaries	\$ 2,286	\$ 4,277
Employee Benefits	515	2,012
Purchased Services	4,581	10,057
Supplies and Materials	23,890	18,406
Other	208	450
	<hr/>	<hr/>
Total Expenditures	\$ 31,480	\$ 35,202
	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	\$ (26,569)	\$ (28,538)
	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES</u>		
Transfers In		
General Fund	30,000	32,000
	<hr/>	<hr/>
Net Change in Fund Balance	\$ 3,431	\$ 3,462
	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	4,588	1,126
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 8,019	\$ 4,588
	<hr/> <hr/>	<hr/> <hr/>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR JUNE 30, 2005

	<u>BOND ISSUE OF</u>				<u>TOTALS</u>	
	<u>1996</u>	<u>1998</u>	<u>2005</u>	<u>DURANT</u>	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 530,392	\$ 214,277	\$ 40,431	\$ 0	\$ 785,100	\$ 355,079
Taxes Receivable	17,796	5,437	0	0	23,233	27,301
Interest Receivable	1,263	505	76	0	1,844	32
Due from Other Funds	0	0	533,770	0	533,770	0
TOTAL ASSETS	<u>\$ 549,451</u>	<u>\$ 220,219</u>	<u>\$ 574,277</u>	<u>\$ 0</u>	<u>\$ 1,343,947</u>	<u>\$ 382,412</u>
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Deferred Revenue	\$ 15,681	\$ 4,817	\$ 0	\$ 0	\$ 20,498	\$ 22,819
Due to Other Funds	533,770	0		0	533,770	0
Due to Other Governments	0	0	0	0	0	131
Total Liabilities	\$ 549,451	\$ 4,817	\$ 0	\$ 0	\$ 554,268	\$ 22,950
<u>FUND BALANCE</u>						
Reserved for Debt Retirement	0	215,402	574,277	0	789,679	359,462
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 549,451</u>	<u>\$ 220,219</u>	<u>\$ 574,277</u>	<u>\$ 0</u>	<u>\$ 1,343,947</u>	<u>\$ 382,412</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

	BOND ISSUE OF				TOTALS	
	1996	1998	2005	DURANT	2006	2005
<u>REVENUES</u>						
Local Sources						
Property Tax Levy	\$ 1,837,324	\$ 538,536	\$ 0	\$ 0	\$ 2,375,860	\$ 2,226,123
Industrial Facilities Tax	37,012	10,848	0	0	47,860	53,624
Penalties and Interest on Delinquent Taxes	4,148	1,215	0	0	5,363	4,342
Earnings on Investments and Deposits	30,729	9,136	1,124	0	40,989	14,297
State Sources						
Durant Settlement - Debt Service	0	0	0	16,447	16,447	0
Payments in Lieu of Taxes Commercial Forest	0	0	0	0	0	34
Other Transactions						
Refund of Prior Year Taxes Previously Written Off	3,156	925	0	0	4,081	0
Total Revenues	\$ 1,912,369	\$ 560,660	\$ 1,124	\$ 16,447	\$ 2,490,600	\$ 2,298,420
<u>EXPENDITURES</u>						
Redemption of Serial Bonds	\$ 890,000	\$ 30,000	\$ 0	\$ 0	\$ 920,000	\$ 860,000
Interest on Debt	64,525	437,456	612,549	16,447	1,130,977	917,635
Dues and Fees	500	500	231	0	1,231	1,100
Taxes Abated and Written Off	6,322	1,853	0	0	8,175	4,184
Advance Refunding Escrow	0	0	0	0	0	457,000
Bond Issuance Costs	0	0	0	0	0	166,118
Total Expenditures	\$ 961,347	\$ 469,809	\$ 612,780	\$ 16,447	\$ 2,060,383	\$ 2,406,037
Excess of Revenues Over (Under) Expenditures	\$ 951,022	\$ 90,851	\$ (611,656)	\$ 0	\$ 430,217	\$ (107,617)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	\$ 0	\$ 0	\$ 1,151,326	\$ 0	\$ 1,151,326	\$ 34,529
Transfers Out	(1,151,326)	0	0	0	(1,151,326)	(34,529)
Proceeds of Refunding Bonds	0	0	0	0	0	12,755,000
Premium on Bonds Sold	0	0	0	0	0	655,848
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	(13,210,202)
	\$ (1,151,326)	\$ 0	\$ 1,151,326	\$ 0	\$ 0	\$ 200,646
Net Change in Fund Balance	\$ (200,304)	\$ 90,851	\$ 539,670	\$ 0	\$ 430,217	\$ 93,029
<u>FUND BALANCE</u> - Beginning of Year	200,304	124,551	34,607	0	359,462	266,433
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 215,402	\$ 574,277	\$ 0	\$ 789,679	\$ 359,462

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 504,045	\$ 517,655
Interest Receivable	50	46
Due from Other Governments	<u>30,097</u>	<u>41,413</u>
	\$ 534,192	\$ 559,114
TOTAL ASSETS		
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 31,980
<u>FUND BALANCE</u>		
Reserved for Commitments for Construction	\$ 0	\$ 39,128
Unreserved		
Undesignated	<u>534,192</u>	<u>488,006</u>
Total Fund Balance	\$ 534,192	\$ 527,134
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 534,192</u>	<u>\$ 559,114</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BLANCE

YEAR ENDED JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>REVENUES</u>		
Local Sources		
Contributions	\$ 30,097	\$ 0
Earnings on Investments and Deposits	15,958	8,008
Other Transactions		
Transfers from Other Governmental Units		
Intermediate School District	52,673	41,413
	<hr/>	<hr/>
Total Revenues	\$ 98,728	\$ 49,421
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Capital Outlay		
Buildings and Site Improvements	\$ 91,670	\$ 62,485
Equipment and Furniture	0	42,293
	<hr/>	<hr/>
Total Expenditures	\$ 91,670	\$ 104,778
	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	\$ 7,058	\$ (55,357)
	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In (Out)		
General Fund	\$ 0	\$ 100,000
Food Service	0	1,000
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ 0	\$ 101,000
	<hr/>	<hr/>
Net Change in Fund Balance	\$ 7,058	\$ 45,643
	<hr/>	<hr/>
<u>FUND BALANCE</u> - Beginning of Year	527,134	481,491
	<hr/>	<hr/>
<u>FUND BALANCE</u> - End of Year	\$ 534,192	\$ 527,134
	<hr/>	<hr/>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

FIDUCIARY FUND TYPES
COMBINING BALANCE SHEET

JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR JUNE 30, 2005

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 271,549	\$ 173,692
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Groups and Organizations	\$ 0	\$ 173,692
<u>FUND BALANCE</u>		
Reserved for:		
Scholarships and Memorials	\$ 239,770	\$ 0
Football Program Endowment	31,779	0
Total Fund Balance	\$ 271,549	\$ 0
TOTAL LIABILITIES AND FUND BALANCE	\$ 271,549	\$ 173,692

TOTALS	
2006	2005
\$ 445,241	\$ 457,861

\$ 173,692	\$ 182,568
------------	------------

\$ 239,770	\$ 243,505
31,779	31,788

\$ 271,549	\$ 275,293
------------	------------

\$ 445,241	\$ 457,861
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CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

PRIVATE PURPOSE TRUST FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR JUNE 30, 2005

	HEAZLIT TRUST	TERRILL MEMORIAL	MEMORIAL PLAQUE	VONBARGEN SCHOLARSHIP
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 31,779	\$ 2,788	\$ 853	\$ 6,738
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>				
Reserved for:				
Student Scholarships and Memorials	\$ 0	\$ 2,788	\$ 853	\$ 6,738
Football Program Endowment	31,779	0	0	0
Total Fund Balance	\$ 31,779	\$ 2,788	\$ 853	\$ 6,738
TOTAL LIABILITIES AND FUND BALANCE	\$ 31,779	\$ 2,788	\$ 853	\$ 6,738

KRIS EGGLE SCHOLARSHIP	BELL MEMORIAL	BRODEUR ESTATE	TOTALS	
			2006	2005
\$ 2,534	\$ 33,013	\$ 193,844	\$ 271,549	\$ 275,293
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 2,534	\$ 33,013	\$ 193,844	\$ 239,770	\$ 243,505
0	0	0	31,779	31,788
\$ 2,534	\$ 33,013	\$ 193,844	\$ 271,549	\$ 275,293
\$ 2,534	\$ 33,013	\$ 193,844	\$ 271,549	\$ 275,293

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

PRIVATE PURPOSE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

	HEAZLIT TRUST	TERRILL MEMORIAL	MEMORIAL PLAQUE	VONBARGEN SCHOLARSHIP
<u>REVENUES</u>				
Earnings on Investments and Deposits	\$ 911	\$ 18	\$ 5	\$ 171
Donations	0	500	0	0
Total Revenues	\$ 911	\$ 518	\$ 5	\$ 171
<u>EXPENDITURES</u>				
Scholarship Awards	\$ 900	\$ 300	\$ 0	\$ 0
Banquet Expenses	0	0	0	0
Other	20	0	0	0
Total Expenditures	\$ 920	\$ 300	\$ 0	\$ 0
Excess of Revenues Over (Under) Expenditures	\$ (9)	\$ 218	\$ 5	\$ 171
<u>FUND BALANCE</u> - Beginning of Year	31,788	2,570	848	6,567
<u>FUND BALANCE</u> - End of Year	\$ 31,779	\$ 2,788	\$ 853	\$ 6,738

KARCHER TRUST	KRIS EGGLE SCHOLARSHIP	BELL MEMORIAL	BRODEUR ESTATE	WESTHAUSER SCHOLARSHIP	TOTALS	
					2006	2005
\$ 0	\$ 24	\$ 1,117	\$ 7,230	\$ 0	\$ 9,476	\$ 4,827
2,000	0	0	0	2,250	4,750	445
\$ 2,000	\$ 24	\$ 1,117	\$ 7,230	\$ 2,250	\$ 14,226	\$ 5,272
\$ 0	\$ 1,500	\$ 2,000	\$ 9,000	\$ 2,250	\$ 15,950	\$ 12,800
2,000	0	0	0	0	2,000	1,608
0	0	0	0	0	20	1,020
\$ 2,000	\$ 1,500	\$ 2,000	\$ 9,000	\$ 2,250	\$ 17,970	\$ 15,428
\$ 0	\$ (1,476)	\$ (883)	\$ (1,770)	\$ 0	\$ (3,744)	\$ (10,156)
0	4,010	33,896	195,614	0	275,293	285,449
\$ 0	\$ 2,534	\$ 33,013	\$ 193,844	\$ 0	\$ 271,549	\$ 275,293

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

AGENCY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR JUNE 30, 2005

	ELEMENTARY SCHOOLS ACCOUNT	MIDDLE SCHOOLS ACCOUNT	JUNIOR HIGH SCHOOL	HIGH SCHOOL ACCOUNT
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 90,215	\$ 16,986	\$ 10,023	\$ 53,090
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Due to Groups and Organizations	\$ 90,215	\$ 16,986	\$ 10,023	\$ 53,090
<u>FUND BALANCE</u>	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCE	\$ 90,215	\$ 16,986	\$ 10,023	\$ 53,090

COMMUNITY SCHOOL ACCOUNT	TOTALS	
	2006	2005
<u>\$ 3,378</u>	<u>\$ 173,692</u>	<u>\$ 182,568</u>
\$ 3,378	\$ 173,692	\$ 182,568
<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 3,378</u>	<u>\$ 173,692</u>	<u>\$ 182,568</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

AGENCY FUND - ELEMENTARY SCHOOLS ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 6/30/05	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 7/01/06
Forest View	\$ 11,705	\$ 28,142	\$ 25,619	\$ 14,228
Franklin	26,769	29,054	31,190	24,633
Kenwood	35,046	25,093	27,494	32,645
Lincoln	11,589	25,242	26,604	10,227
McKinley	9,367	892	1,777	8,482
	<u>\$ 94,476</u>	<u>\$ 108,423</u>	<u>\$ 112,684</u>	<u>\$ 90,215</u>
Represented by				
Assets				
Cash	<u>\$ 94,476</u>			<u>\$ 90,215</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 94,476</u>			<u>\$ 90,215</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

AGENCY FUND - JUNIOR HIGH SCHOOL ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 6/30/2005	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 7/01/06
Band	\$ 566	\$ 5,413	\$ 5,979	\$ 0
Home Economics	253	0	0	253
Library	81	0	0	81
Special Education	346	0	0	346
Student Council	837	1,493	1,936	394
Yearbook	(1,229)	9,304	8,955	(880)
Ski Club	632	518	558	592
9th Grade Student Council	2,192	2,742	3,786	1,148
Office	6,179	6,747	4,837	8,089
	<u>\$ 9,857</u>	<u>\$ 26,217</u>	<u>\$ 26,051</u>	<u>\$ 10,023</u>
Represented by				
Assets				
Cash	<u>\$ 9,857</u>			<u>\$ 10,023</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 9,857</u>			<u>\$ 10,023</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

AGENCY FUND - MACKINAW TRAIL MIDDLE SCHOOL ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 6/30/05	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 7/01/06
Book Fees	\$ 1	\$ 0	\$ 1	\$ 0
MTMS Clothing	232	0	0	232
Yearbook	398	2,814	2,778	434
Student Council	2,065	831	2,561	335
Art	377	100	0	477
Ski Club	739	4,098	4,837	0
Discovery Team	814	1,311	888	1,237
Gold Team (Whirlwinds)	(3)	542	382	157
Quasar	4	0	0	4
Supernova	2,313	3,109	3,887	1,535
Protostars	125	361	233	253
Social Committee	1	0	0	1
Information Center	237	4,387	4,201	423
Zenith	1,323	1,182	779	1,726
Natural Helpers	376	448	524	300
Starquest	109	2,635	1,483	1,261
Cosmic	424	1,627	1,831	220
Health	148	1,086	868	366
Nebula	1,131	2,063	1,278	1,916
Clubs Choice	0	44,190	44,272	(82)
Strings Acct	45	706	727	24
Alpha	3,522	2,265	2,255	3,532
Office Account	3,403	5,097	6,907	1,593
Vocal Music	0	384	374	10
Volleyball	0	776	775	1
Voyagers	22	2,298	1,289	1,031
	<u>\$ 17,806</u>	<u>\$ 82,310</u>	<u>\$ 83,130</u>	<u>\$ 16,986</u>

Represented By

Assets

Cash

\$ 17,806

\$ 16,986

Liabilities

Due to Groups and Organizations

\$ 17,806

\$ 16,986

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

AGENCY FUND - HIGH SCHOOL ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	6/30/05	(Including Transfers)		7/01/06
Art Class	\$ 10,402	\$ 2,051	\$ 4,116	\$ 8,337
Band	1,086	14,657	15,709	34
Book Club	327	500	180	647
Business Department	465	984	815	634
C.H.S. Entertainers	300	13,969	16,567	(2,298)
Class of 2005	0	2,324	2,324	0
Class of 2006	6,022	200	6,212	10
Class of 2007	5,829	10,784	10,357	6,256
Class of 2008	0	5,898	1,703	4,195
Debate	42	894	825	111
Drama	3,792	3,000	2,564	4,228
Faculty	328	241	451	118
Forensics	239	828	795	272
French Club	185	3,024	2,603	606
General	495	8,589	8,198	886
German Club	197	0	0	197
Graphic Arts	3,273	4,124	3,523	3,874
Graphic Calculator	466	660	238	888
Interact	67	0	0	67
Musical	636	13,453	14,041	48
National Honor Society	1,083	2,161	2,120	1,124
Program Fund	3,827	3,053	875	6,005
Science Fair	166	782	173	775
Social Committee	29	0	0	29
Spanish Club	90	0	0	90
Special Education Fund	453	456	460	449
Student Book Deposits	10,142	0	2,699	7,443
Student Council	5,320	5,272	4,780	5,812
Student Recognition Fund	2,049	0	0	2,049
Percussion Club	140	200	136	204
Yearbook	80	17,403	17,483	0
	<u>\$ 57,530</u>	<u>\$ 115,507</u>	<u>\$ 119,947</u>	<u>\$ 53,090</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

AGENCY FUND - HIGH SCHOOL ACCOUNT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 6/30/05	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 7/01/06
Represented by				
Assets				
Cash	\$ 37,530			\$ 33,090
Investments	20,000			20,000
	<u>\$ 57,530</u>			<u>\$ 53,090</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 57,530</u>			<u>\$ 53,090</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

AGENCY FUND - CADILLAC COMMUNITY SCHOOL RECREATION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 6/30/05	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 7/01/06
Prom	\$ 387	\$ 275	\$ 381	\$ 281
Student Council	188	1,926	1,537	577
Prom Scholarship	3	0	0	3
Coke	1,184	5,460	4,804	1,840
Pizza Fundraiser	206	0	206	0
Red Cards	0	1,996	1,996	0
Jerseys	0	410	410	0
Cap and Gown	0	464	464	0
Senior Trip	2	558	560	0
Athletics	25	0	0	25
Yearbook	954	120	422	652
	<u>\$ 2,949</u>	<u>\$ 11,209</u>	<u>\$ 10,780</u>	<u>\$ 3,378</u>
Represented By				
Assets				
Cash	<u>\$ 2,949</u>			<u>\$ 3,378</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 2,949</u>			<u>\$ 3,378</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN
SCHEDULE OF 2005 TAX ROLLS
YEAR ENDED JUNE 30, 2006

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND (17.5505 MILLS)</u>				
<u>WEXFORD COUNTY</u>				
City of Cadillac	\$ 136,557,117	\$ 2,396,645	\$ 2,305,263	\$ 91,382
Boon Township	5,425,533	95,221	86,560	8,661
Cherry Grove Township	25,529,248	448,051	411,410	36,641
Clam Lake Township	26,597,374	466,797	424,588	42,209
Haring Township	68,766,169	1,206,881	1,111,080	95,801
Henderson Township	2,245,817	39,415	38,072	1,343
Selma Township	21,046,399	369,375	345,248	24,127
Slagle Township	2,898,851	50,876	48,389	2,487
South Branch Township	10,712,211	188,005	168,374	19,631
<u>OSCEOLA COUNTY</u>				
Sherman Township	146,901	2,578	1,696	882
<u>LAKE COUNTY</u>				
Newkirk Township	380,533	6,679	5,917	762
	<u>\$ 300,306,153</u>	<u>\$ 5,270,523</u>	<u>\$ 4,946,597</u>	<u>\$ 323,926</u>
<u>DEBT RETIREMENT FUNDS (3.90 MILLS)</u>				
<u>WEXFORD COUNTY</u>				
City of Cadillac	\$ 229,376,485	\$ 894,568	\$ 856,187	\$ 38,381
Antioch Township	46,974	183	183	0
Boon Township	13,713,303	53,482	47,396	6,086
Cherry Grove Township	87,781,021	342,930	321,168	21,762
Clam Lake Township	74,598,277	290,933	269,180	21,753
Colfax Township	134,426	524	524	0
Haring Township	120,485,318	469,893	433,564	36,329
Henderson Township	5,003,082	19,512	18,161	1,351
Selma Township	55,774,400	217,520	202,674	14,846
Slagle Township	3,618,751	14,113	13,476	637
South Branch Township	16,663,431	64,987	57,882	7,105
<u>OSCEOLA COUNTY</u>				
Sherman Township	1,180,936	4,606	4,054	552
<u>LAKE COUNTY</u>				
Newkirk Township	668,823	2,609	2,440	169
	<u>\$ 609,045,227</u>	<u>\$ 2,375,860</u>	<u>\$ 2,226,889</u>	<u>\$ 148,971</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF 2005 INDUSTRIAL FACILITIES TAX ROLLS
YEAR ENDED JUNE 30, 2006

	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>DEBT RETIREMENT FUND</u>			
<u>WEXFORD COUNTY</u>			
City of Cadillac	\$ 47,198	\$ 47,198	\$ 0
Haring Township	392	392	0
Selma Township	270	270	0
	<u>\$ 47,860</u>	<u>\$ 47,860</u>	<u>\$ 0</u>

ALLOCATION OF DEBT RETIREMENT FUND TAX

1996 Debt	\$ 37,012	\$ 37,012	\$ 0
1998 Debt	10,848	10,848	0
Total	<u>\$ 47,860</u>	<u>\$ 47,860</u>	<u>\$ 0</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006

1996 SCHOOL BUILDING AND SITE BONDS

<u>TITLE OF ISSUE</u>	1996 School Building and Site Bonds		
<u>PURPOSE</u>	The bonds were authorized at an election on September 24, 1996, for the purpose of erecting, furnishing and equipping a new 6-7th grade facility, acquiring, developing and improving a site and playfields therefore; erecting, furnishing and equipping an addition replacing the oldest portion of Lincoln Elementary School and developing and improving the site; erecting, furnishing, and equipping an addition to the Forest View Elementary School and developing and improving the site; partially remodeling, refurnishing and re-equipping existing school facilities, in part for acquiring and installing computer/technology education systems; erecting, furnishing and equipping additions to and partially remodeling, refurnishing and re-equipping the high school facility to include expanding and improving the gymnasium, locker rooms and the cafeteria and developing and improving the site.		
<u>DATE OF ISSUE</u>	October 22, 1996		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>			\$ 27,275,000
<u>AMOUNT OF ADVANCE REFUNDING RESULTING IN DEFEASANCE OF DEBT</u>			(22,335,000)
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$ 4,050,000		
During Current Year	890,000		(4,940,000)
<u>BALANCE OUTSTANDING - June 30, 2006</u>			<u><u>\$ 0</u></u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006

1996 SCHOOL BUILDING AND SITE BONDS

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
		\$ 0	\$ 0	\$ 0

DENOMINATIONS

\$5,000 each, or any integral multiple thereof.

REDEMPTION PRIOR TO MATURITY

Bonds of this issue maturing in the years 1999 through 2006, inclusive shall not be subject to redemption prior to maturity. Bonds or portions of Bonds in multiples of \$5,000 of this issue maturing in the year 2007 and thereafter, shall be subject to redemption prior to maturity, at the option of the Issuer, in such order as the Issuer may determine and by lot within any maturity, on any interest payment date on or after May 1, 2006, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006

1998 REFUNDING BOND ISSUE

<u>TITLE OF ISSUE</u>	1998 Refunding Bonds
<u>PURPOSE</u>	To advance refund a portion of a prior bond issue of the School District and the costs of issuing the bonds.
<u>DATE OF ISSUE</u>	December 15, 1998
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 9,745,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 165,000
During Current Year	30,000
	<u>(195,000)</u>
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 9,550,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2006		\$ 218,128	\$ 218,128	
May 1, 2007	4.000 %	253,128	218,128	\$ 35,000
November 1, 2007		217,428	217,428	
May 1, 2008	4.050 %	257,428	217,428	40,000
November 1, 2008		216,618	216,618	
May 1, 2009	4.150 %	256,618	216,618	40,000
November 1, 2009		215,788	215,788	
May 1, 2010	4.200 %	260,788	215,788	45,000
November 1, 2010		214,843	214,843	
May 1, 2011	4.250 %	849,843	214,843	635,000
November 1, 2011		201,349	201,349	
May 1, 2012	4.250 %	861,349	201,349	660,000
November 1, 2012		187,324	187,324	
May 1, 2013	4.350 %	877,324	187,324	690,000
November 1, 2013		172,317	172,317	
May 1, 2014	4.450 %	892,317	172,317	720,000
November 1, 2014		156,297	156,297	

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006

<u>1998 REFUNDING BOND ISSUE</u>				
<u>DUE DATES</u>	<u>INTEREST</u>	<u>REQUIREMENTS</u>		
	<u>RATES</u>	<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2015	4.500 %	906,297	156,297	750,000
November 1, 2015		139,422	139,422	
May 1, 2016	4.625 %	924,422	139,422	785,000
November 1, 2016		121,269	121,269	
May 1, 2017	4.625 %	941,269	121,269	820,000
November 1, 2017		102,306	102,306	
May 1, 2018	4.625 %	952,306	102,306	850,000
November 1, 2018		82,650	82,650	
May 1, 2019	4.750 %	952,650	82,650	870,000
November 1, 2019		61,988	61,988	
May 1, 2020	4.750 %	931,988	61,988	870,000
November 1, 2020		41,325	41,325	
May 1, 2021	4.750 %	911,325	41,325	870,000
November 1, 2021		20,663	20,663	
May 1, 2022	4.750 %	890,663	20,663	870,000
		<u>\$ 14,289,430</u>	<u>\$ 4,739,430</u>	<u>\$ 9,550,000</u>

DENOMINATIONS

\$5,000 each, or any integral multiple thereof.

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of Bonds in multiples of \$5,000, maturing on or after May 1, 2009 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2008, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006

1998 SCHOOL IMPROVEMENT BOND ISSUE

<u>TITLE OF ISSUE</u>	1998 School Improvement Bond (Durant Settlement)		
<u>PURPOSE</u>	This Bond was issued for purposes permitted in Section 1351(a) of Act 451, Public Acts of Michigan		
<u>DATE OF ISSUE</u>	November 24, 1998		
<u>INTEREST PAYABLE</u>	May 15th, of each year		
<u>AMOUNT OF ISSUE</u>		\$	234,216
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$	84,583	
During Current Year		<u>0</u>	<u>(84,583)</u>
<u>BALANCE OUTSTANDING - June 30, 2006</u>		\$	<u>149,633</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 15, 2007	3.954 %	\$ 16,445	\$ 7,356	\$ 9,089
May 15, 2008	3.954 %	16,447	6,744	9,703
May 15, 2009	3.954 %	77,616	6,438	71,178
May 15, 2010	3.954 %	16,447	2,402	14,045
May 15, 2011	3.954 %	16,447	1,836	14,611
May 15, 2012	3.954 %	16,447	1,249	15,198
May 15, 2013	3.954 %	16,446	637	15,809
		<u>\$ 176,295</u>	<u>\$ 26,662</u>	<u>\$ 149,633</u>

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006

1998 SCHOOL IMPROVEMENT BOND ISSUE

REDEMPTION PRIOR TO MATURITY

This bond is not subject to redemption prior to maturity by the School District and the School District may not issue any other bonds or obligations for the purpose of refunding this bond.

TAX LEVY/STATE AID

The revenues to retire the Durant Settlement Bonds are to come from yearly transfers of state aid from the State of Michigan, thus, no property taxes are levied for these payments.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006

2005 REFUNDING BOND ISSUE

<u>TITLE OF ISSUE</u>	2005 Refunding Bonds
<u>PURPOSE</u>	To advance refund a portion of a prior bond issue of the School District and the costs of issuing the
<u>DATE OF ISSUE</u>	March 14, 2005
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 12,755,000
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 0
During Current Year	0
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<u>\$ 12,755,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2006		270,906	270,906	
May 1, 2007	3.000 %	1,285,906	270,906	\$ 1,015,000
November 1, 2007		255,682	255,682	
May 1, 2008	3.000 %	1,300,682	255,682	1,045,000
November 1, 2008		240,006	240,006	
May 1, 2009	5.000 %	1,315,006	240,006	1,075,000
November 1, 2009		213,131	213,131	
May 1, 2010	5.000 %	1,343,131	213,131	1,130,000
November 1, 2010		184,882	184,882	
May 1, 2011	3.500 %	774,882	184,882	590,000
November 1, 2011		174,556	174,556	
May 1, 2012	3.500 %	784,556	174,556	610,000
November 1, 2012		163,881	163,881	
May 1, 2013	4.000 %	798,881	163,881	635,000
November 1, 2013		151,181	151,181	
May 1, 2014	4.000 %	811,181	151,181	660,000

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006

2005 REFUNDING BOND ISSUE

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2014		137,981	137,981	
May 1, 2015	4.000 %	817,981	137,981	680,000
November 1, 2015		124,381	124,381	
May 1, 2016	5.000 %	834,381	124,381	710,000
November 1, 2016		106,631	106,631	
May 1, 2017	3.875 %	851,632	106,632	745,000
November 1, 2017		92,197	92,197	
May 1, 2018	3.875 %	857,197	92,197	765,000
November 1, 2018		77,375	77,375	
May 1, 2019	5.000 %	862,375	77,375	785,000
November 1, 2019		57,750	57,750	
May 1, 2020	5.000 %	837,750	57,750	780,000
November 1, 2020		38,250	38,250	
May 1, 2021	5.000 %	808,250	38,250	770,000
November 1, 2021		19,000	19,000	
May 1, 2022	5.000 %	779,000	19,000	760,000
		<u>\$ 17,370,581</u>	<u>\$ 4,615,581</u>	<u>\$ 12,755,000</u>

DENOMINATIONS

\$5,000 each, or any integral multiple thereof.

REDEMPTION PRIOR TO MATURITY

The Bonds or portions of Bonds in multiples of \$5,000, maturing on or after May 1, 2016 are subject to redemption prior to maturity at the option of the School District in such order as the School District may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2015, at par and accrued interest to the date fixed for redemption.

TAX LEVY FOR RETIREMENT OF BONDS

The bonds will pledge the full faith and credit of the School District for payment of the principal and interest thereon, and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount.

CADILLAC AREA PUBLIC SCHOOLS

CADILLAC, MICHIGAN

SINGLE AUDIT

JUNE 30, 2006

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Cadillac Area Public Schools
Cadillac, Michigan

COMPLIANCE

We have audited the compliance of Cadillac Area Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Cadillac Area Public Schools major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cadillac Area Public Schools' management. Our responsibility is to express an opinion on Cadillac Area Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cadillac Area Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cadillac Area Public Schools' compliance with those requirements.

In our opinion, Cadillac Area Public Schools complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

INTERNAL CONTROL OVER COMPLIANCE

The management of Cadillac Area Public Schools' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cadillac Area Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cadillac Area Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated July 26, 2006. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Cadillac Area Public Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2005	ADJUSTMENTS
U.S. Department of Education								
Passed Through Michigan Department of Education (M.D.E.)								
Title I Grants to Local Education Agencies								
Project No. 051530-0405	84.010	\$ 652,511	\$ 26,785	\$ 652,511	\$ 0	\$ 26,785	\$ 0	\$ 0
Project No. 051530-0506	84.010	652,511	0	0	652,511	652,511	0	0
Total	84.010	\$ 1,305,022	\$ 26,785	\$ 652,511	\$ 652,511	\$ 679,296	\$ 0	\$ 0
Handicapped Preschool and School Program								
Project No. 60440	84.027	\$ 4,400	\$ 0	\$ 0	\$ 3,710	\$ 3,710	\$ 0	\$ 0
Title V - LEA Allocation								
Project No. 060250-0506	84.298	\$ 10,510	\$ 0	\$ 9,733	\$ 10,510	\$ 10,510	\$ 0	\$ 0
Technology Literacy Challenge Grant								
Project No. 054290-0405	84.318	\$ 16,583	\$ 0	\$ 15,842	\$ 741	\$ 741	\$ 0	\$ 0
Project No. 064290-0506	84.318	12,173	0	0	12,173	12,173	0	0
Total	84.318	\$ 28,756	\$ 0	\$ 15,842	\$ 12,914	\$ 12,914	\$ 0	\$ 0
Title II A - Improving Teacher Quality								
Project No. 050520-0405	84.367	\$ 224,519	\$ 0	\$ 224,347	\$ 212,699	\$ 198,894	\$ 13,805	\$ 0
Drug Free Schools and Communities								
Project No. 042860-0304	84.186	\$ 36,396	\$ 0	\$ 32,791	\$ 36,396	\$ 36,396	\$ 0	\$ 0
Total Passed Through M.D.E.		\$ 1,609,603	\$ 26,785	\$ 935,224	\$ 928,740	\$ 941,720	\$ 13,805	\$ 0
Total U.S. Department of Education		\$ 1,609,603	\$ 26,785	\$ 935,224	\$ 928,740	\$ 941,720	\$ 13,805	\$ 0
U.S. Department of Health and Human Services								
Passed Through Family Independence Agency								
FIA School Success Program								
Project No. SFSC02-83002-2 2005	93.556	\$ 18,000	\$ 3,455	\$ 14,214	\$ 3,785	\$ 7,240	\$ 0	\$ 0
Project No. SFSC06-83001	93.556	18,000	0	0	18,000	14,500	3,500	0
Total	93.556	\$ 36,000	\$ 3,455	\$ 14,214	\$ 21,785	\$ 21,740	\$ 3,500	\$ 0
Passed Through Wexford-Missaukee Intermediate School District (I.S.D.)								
Medicaid Outreach								
Project No. None	93.778	\$ 17,264	\$ 0	\$ 0	\$ 17,264	\$ 17,264	\$ 0	\$ 0
Total U.S. Department of Health and Human Services		\$ 53,264	\$ 3,455	\$ 14,214	\$ 39,049	\$ 39,004	\$ 3,500	\$ 0

See accompanying notes

CADILLAC AREA PUBLIC SCHOOLS

CADILLAC, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2005	ADJUSTMENTS
U.S Department of Agriculture								
Passed Through Michigan Department of Education (M.D.E.)								
Child Nutrition Cluster								
National School Lunch Program								
Section 4 - Total Servings - 061950 and 051950	10.555	\$ 61,945	\$ 0	\$ 0	\$ 62,359	\$ 61,945	\$ 414	\$ 0
Section 11 - Total Servings - 061960 and 051960	10.555	350,658	0	0	339,644	337,273	2,371	0
Total	10.555	\$ 412,603	\$ 0	\$ 0	\$ 402,003	\$ 399,218	\$ 2,785	\$ 0
National School Lunch Breakfast Program								
Breakfast - 061970 and 051970	10.553	\$ 77,938	\$ 0	\$ 76,122	\$ 77,938	\$ 76,855	\$ 1,083	\$ 0
Summer Food Service Program								
Project No. None	10.559	\$ 4,710	\$ 0	\$ 0	\$ 4,710	\$ 4,710	\$ 0	\$ 0
Total Child Nutrition Cluster		\$ 495,251	\$ 0	\$ 76,122	\$ 484,651	\$ 480,783	\$ 3,868	\$ 0
Child Care Food Program								
CEFP - Meals Reimbursed - 051920 and 041920	10.558	\$ 6,435	\$ 0	\$ 0	\$ 6,354	\$ 5,958	\$ 396	\$ 0
Food Distribution								
Entitlement Commodities	10.550	\$ 68,356	\$ 0	\$ 0	\$ 68,356	\$ 68,356	\$ 0	\$ 0
Bonus Commodities	10.550	6,032	0	0	6,032	6,032	0	0
Total	10.550	\$ 74,388	\$ 0	\$ 0	\$ 74,388	\$ 74,388	\$ 0	\$ 0
Total Passed Through M.D.E.		\$ 576,074	\$ 0	\$ 76,122	\$ 565,393	\$ 561,129	\$ 4,264	\$ 0
Total U.S. Department of Agriculture		\$ 576,074	\$ 0	\$ 76,122	\$ 565,393	\$ 561,129	\$ 4,264	\$ 0
U.S Department of Interior - Other Federal Assistance								
Passed Through Lake County								
Payment in Lieu of Taxes								
Schools and Roads Grant	10.665	\$ 2,427	\$ 0	\$ 0	\$ 2,427	\$ 2,427	\$ 0	\$ 0
Passed Through Wexford County								
Payment in Lieu of Taxes								
Schools and Roads Grant	10.665	50,455	0	0	50,455	50,455	0	0
Total Passed Through County		\$ 52,882	\$ 0	\$ 0	\$ 52,882	\$ 52,882	\$ 0	\$ 0
Total U.S. Department of Interior - Other Federal Assistance		\$ 52,882	\$ 0	\$ 0	\$ 52,882	\$ 52,882	\$ 0	\$ 0

See accompanying notes

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED	(MEMO ONLY)		CURRENT YEAR		INVENTORY/ ACCRUED	ADJUSTMENTS
			(DEFERRED) REVENUE JULY 1, 2005	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	RECEIPTS (CASH BASIS)	(DEFERRED) REVENUE JUNE 30, 2005		
U.S. Department of Homeland Security									
Passed Through Michigan Department of State Police									
State Domestic Preparedness Equipment Support Program	97.004	\$ 8,994	\$ 0	\$ 0	\$ 8,994	\$ 8,994	\$ 8,994	\$ 0	\$ 0
Total U.S. Department of Homeland Security		\$ 8,994	\$ 0	\$ 0	\$ 8,994	\$ 8,994	\$ 8,994	\$ 0	\$ 0
Total Federal Financial Assistance		\$ 2,300,817	\$ 30,240	\$ 1,025,560	\$ 1,595,058	\$ 1,603,729	\$ 21,569		\$ 0
					(B)	(C)			

See accompanying notes

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district. The significant accounting policies used are described in footnote (1) to the June 30, 2006, general purpose financial statements.

(B) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Federal Sources - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ <u>1,595,058</u>
 Federal Expenditures per Schedule of Expenditures of Federal Awards	 \$ <u>1,595,058</u>

(C) Reconciliation of Grant Section Auditor's Report with Schedule of Expenditures of Federal Awards

Management has utilized the Grant Section Auditor's Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards.

Current Cash Payments per Grant Section Auditor's Report Dated July 7, 2006	\$ 1,441,826
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Add Items Not on Grant Section Auditor's Report:

Amounts Received Through State		
Summer Food Service Program	\$ 4,710	
Amounts Received Through Intermediate School District		
Medicaid Outreach	17,264	
Amounts Received Through County		
Schools and Roads Grant	52,882	
Amounts Received Through Family Independence Agency		
FIA School Success Program	21,740	
Amounts Received Through		
Michigan Department of State Police		
State Domestic Preparedness Equipment		
Support Program	8,994	
Amounts Received as Payments in Kind		
Food Distribution Program		
Entitlement Commodities	68,356	
Bonus Commodities	<u>6,032</u>	179,978

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Less Timing Differences

Payments Recorded on R7120, but recorded by
District in June 2005

National School Lunch Program	\$	(334)	
Child Care Food Program		<u>(478)</u>	(812)

Less Non-Federal Payments Reported on the
Grant Section Auditor's Report:

School Breakfast Program			
Project No. 056320 M-24	\$	<u>(17,263)</u>	<u>(17,263)</u>

Current Year Receipts (Cash Basis) per

Schedule of Expenditures of Federal Awards		\$	<u><u>1,603,729</u></u>
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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education
Cadillac Area Public Schools
Cadillac, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cadillac Area Public Schools as of and for the year ended June 30, 2006, which collectively comprise Cadillac Area Public Schools' basic financial statements and have issued our report thereon dated July 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Cadillac Area Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Cadillac Area Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

There were no prior year findings and questioned costs.

CADILLAC AREA PUBLIC SCHOOLS
CADILLAC, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Section I - Summary of Auditors - Results

Financial Statements

Type of auditors' report issued: Unqualified

Material weakness(es) identified: _____ Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified: _____ Yes X No

Reportable condition(s) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I – Improving Basic Programs
10.555, 10.553, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

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CERTIFIED PUBLIC ACCOUNTANTS

July 26, 2006

To the Board of Education
Cadillac Area Public Schools
421 S. Mitchell
Cadillac, Michigan 49601

As a result of our audit of the financial statements of the Cadillac Area Public Schools for the year ended June 30, 2006, we would like to take this opportunity to comment on the following items relative to the management and accounting records and procedures of the School District.

Budgeting

The District currently does an excellent job formulating and monitoring the annual budget function. The Michigan Department of Education is working towards various policy adjustments in regards to budget violations and are considering retroactive implementation of these policies to the 2004-2005 and the 2005-2006 fiscal years.

A budget violation would include incurring expenditures in excess of the approved appropriation, ending the fiscal year with a deficit fund balance or adopting a budget that would result in a deficit fund balance.

The Department is also considering that a violation for the 2005-2006 fiscal year may also include a situation where the District did not achieve their full revenue budget and, at the same time, depleted the district fund balance beyond what had been approved.

These proposed policy adjustments will place a renewed importance on the need to monitor the budget process very closely.

We recommend the District review the 2006-2007 budget to make sure that actual revenues will be greater than budgeted revenues, that actual expenditures by function will not be greater than appropriated and that a negative fund balance is not budgeted.

Condition of Accounting Records

The accounting records were found to be in excellent condition. We would like to congratulate the accounting personnel for doing a good job and thank them for their efforts in accumulating the information needed for the audit.

We wish to take this opportunity to thank the Board for again awarding this firm the audit assignment of the District, and the administration and staff for their cooperative spirit and assistance in helping us fulfill this audit assignment. If you have any questions relative to the above comments and recommendations or other areas of your annual audit, please feel free to contact us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.